Decision **PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE LEAH S. GOLDBERG (Mailed 10/13/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Compliance Review of Utility Owned Generation Operations, Portfolio Allocation Balancing Account Entries, Energy Resource Recovery Account Entries, Contract Administration, Economic Dispatch of Electric Resources, Utility Owned Generation Fuel Procurement, and Other Activities for the Record Period January 1 Through December 31, 2024 (U39E).	Application 25-02-013

DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY'S 2024 ENERGY RESOURCE RECOVERY ACCOUNT ENTRIES, AND APPROVING THE SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY, THE PUBLIC ADVOCATES OFFICE OF THE PUBLIC UTILITIES COMMISSION AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION AND RELATED MATTERS

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DECISION APPROVING PACIFIC GAS AND ELECTRIC COMPANY'S 2024 ENERGY RESOURCE RECOVERY ACCOUNT ENTRIES, AND APPROVING THE SETTLEMENT AGREEMENT BETWEEN PACIFIC GAS AND ELECTRIC COMPANY, THE PUBLIC ADVOCATES OFFICE OF THE PUBLIC UTILITIES COMMISSION AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION AND RELATED MATTERS

Summary

In this proceeding, the California Public Utilities Commission (Commission) evaluates whether Pacific Gas and Electric Company (PG&E) met the standard for compliance under the Energy Resources Recovery Account regulatory compliance process for the 2024 Record Year.

This decision approves an all-party settlement agreement between PG&E, the Public Advocates Office of the California Public Utilities Commission and the California Community Choice Association, resolving all contested issues scoped into this proceeding. In doing that, this decision also finds that PG&E has acted as a reasonable and prudent manager in compliance with applicable tariffs and Commission directives and thus approves PG&E's 2024 Energy Resources Recovery Account Compliance application.

This proceeding is closed.

1. Background

The Commission established the Energy Resource Recovery Account (ERRA) Balancing Account mechanism in Decision (D.) 02-10-062 to track fuel and purchased power (F&PP) billed revenues against actual recorded costs of these items. The Commission also required regulated electric utilities in California to establish a F&PP revenue requirement forecast, a trigger mechanism, and a schedule for ERRA applications. Subsequent ERRA Balancing

Account decisions adopted minimum standards of conduct that regulated energy utilities must follow in performing their procurement responsibilities.

The ERRA regulatory process includes an annual forecast application and an annual compliance application. In the annual ERRA forecast application, a utility requests adoption of the utility's forecast of its expected annual F&PP costs for the upcoming 12 months. Approval of the forecast allows utilities to recover their ERRA revenue requirement in rates.

In the ERRA Compliance proceeding, the Commission performs a compliance review of the ERRA Balancing Account and related regulatory accounts and certain non-ERRA accounts. The compliance review evaluates whether a utility complied with all applicable rules, tariffs, regulations, Commission decisions, and laws. The Commission also conducts a reasonableness review of the ERRA and other relevant regulatory accounts to determine whether the entries in these accounts are accurate and in compliance with Commission directives and orders. Finally, the Commission reviews whether the utility prudently administered its contracts and generation resources and dispatched energy in a least-cost manner in compliance with Standard of Conduct Number Four (SOC 4).[1]

1.1. Procedural Background

On February 28, 2025, PG&E filed this Application for Compliance Review of Utility Owned Generation (UOG) operations, Portfolio Allocation Balancing Account (PABA) entries, ERRA entries, contract administration, economic

[1] D.02-10-062 at 50-52.

dispatch of electric resources, UOG fuel procurement, and other activities for the Record Year January 1 Through December 31, 2024, (Application).

On April 4, 2025, the California Community Choice Association (Cal CCA)[2] and the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) filed protests to the Application.

The assigned Administrative Law Judge (ALJ) held a prehearing conference on April 18, 2025. On May 2, 2025, Commissioner John Reynolds issued a Scoping Memo and Ruling (Scoping Memo) setting forth the issues to be decided and the schedule for this proceeding.

On August 15, 2025, CalCCA moved to amend the procedural schedule to extend the discovery timeline until the beginning of evidentiary hearings. On August 15, 2025, the assigned ALJ denied the motion without prejudice.

On November 3, 2025, the parties filed a Joint Status Conference Statement requesting additional time to conduct settlement discussions and requesting to reopen discovery between PG&E and CalCCA.

On November 10, 2025, the assigned ALJ issued a ruling reopening discovery for a limited time, amending the proceeding schedule to remove the timeline for settlement, and directing the parties to file an updated status

[2] California Community Choice Association represents 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

conference statement. The parties filed a Joint Status Conference Statement on November 25, 2025.

On December 2, 2025, the assigned ALJ held a virtual status conference, at which, the assigned ALJ modified the proceeding schedule to remove evidentiary hearings.

On December 15, 2025, the parties filed a Joint Motion to Enter Evidence into the Evidentiary Record, accompanied by PG&E's Motion to Seal the Evidentiary Record.

On December 22, 2025, the assigned ALJ issued a ruling directing the parties to prepare and file supplemental testimony on the issue of vintaging assigned to certain community choice aggregator (CCA) customers and modifying the proceeding schedule to allow time for the supplemental testimony.

On December 23, 2025, the assigned ALJ granted the Joint Motion to Enter Evidence into the Evidentiary Record and granted PG&E's Motion to Seal the Evidentiary Record.

On January 6, 2026, PG&E sent a procedural e-mail to the assigned ALJ advising that it would likely need more time to prepare the supplemental testimony and that the other parties to the proceeding would like more time to respond to the supplemental testimony.

On January 9, 2026, PG&E made a motion to extend the deadline six months for filing supplemental testimony. On behalf of CalCCA, PG&E requested six additional weeks for reply testimony.

On January 26, 2026, the assigned ALJ held a status conference to discuss the motion to extend the deadline. On February 2, 2026, the assigned ALJ modified the proceeding schedule, including authorizing additional discovery following PG&E's submission of the supplemental testimony.

On March 11, 2026, PG&E served its supplemental testimony.

On March 17, 2026, this proceeding was reassigned from Commissioner John Reynolds to Commissioner Matthew Baker.

On April 10, 2026, CalCCA informed the service list that it would not be filing supplemental reply testimony. On April 14, 2026, the parties jointly moved to admit PG&E's supplemental testimony and workpapers into the evidentiary record. The assigned ALJ granted the motion on May 12, 2026.

On May 22, 2026, the parties filed a Joint Motion for Adoption of Settlement Agreement.

1.2. Submission Date

This matter was submitted on May 22, 2026, upon the filing of the Joint Motion for Adoption of the Settlement Agreement.

2. Issues Before the Commission

The Scoping Memo identified nine issues to be determined in this proceeding. The settlement agreement addressed Cal Advocates' concerns related PG&E's handling of outages at the Humboldt Bay Generating Station (issue one) and the inclusion of four additional balancing accounts in the ERRA Compliance review process (issue six). The settlement agreement also addressed CalCCA's concerns related to PG&E's administration of resource adequacy (RA) procurement and sales (issue five) and PG&E's vintaging of departing load

customers as recorded in the PABA (issue three). This decision analyzes the remainder of the scoped issues following an analysis of the settlement agreement.

1. Whether PG&E, during the record period[3], prudently administered and managed the following, in compliance with all applicable rules, regulations, and Commission decisions, including but not limited to SOC 4:
    a. UOG Facilities, including for the 2023 Belden and Caribou 1 Powerhouse outages and two 2023 Diablo Canyon Power Plant maintenance outages; and
    b. Qualifying Facilities (QF) Contracts; and
    c. Non-QF Contracts.

    If not, what adjustments, if any, should be made to account for imprudently managed or administered resources?
2. Whether PG&E achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4;
3. Whether the entries recorded in the ERRA and the PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions;
4. Whether PG&E's greenhouse gas instrument procurement complied with its Bundled Procurement Plan (BPP);
5. Whether PG&E administered RA procurement and sales consistent with its BPP, including whether PG&E made reasonable attempts to sell excess RA consistent with its BPP;

[3] The record period for this proceeding is January 1, 2024, through December 31, 2024, which may be referred to in this decision as the "Record Year."

6. Whether the costs incurred and recorded in the following accounts are reasonable and in compliance with the applicable tariffs and Commission directives:
    a. Green Tariff Shared Renewables Memorandum Account;
    b. Green Tariff Shared Renewables Balancing Account;
    c. Disadvantaged Community — Single Family Solar Affordable Homes Balancing Account;
    d. Disadvantaged Community — Green Tariff Balancing Account;
    e. Community Solar Green Tariff Balancing Account; and
    f. Centralized Local Procurement Sub-Account.
7. Whether the contract amendments related to the Alpine Solar, Agua Caliente Solar and Daggett 2 Battery Energy Storage System (BESS) projects, and the Poblano Energy Storage Project are reasonable and should be approved;
8. Whether there were the unrealized sales and unrealized revenues resulting from the Public Safety Power Shutoff (PSPS) events in 2024; and
9. Whether there are any safety considerations raised by this Application?

3. Standard of Review and Jurisdiction

The Commission exercises jurisdiction over the activities of public utilities,[4] including electrical corporations.[5] PG&E is an investor-owned utility (IOU) providing electrical service in California. PG&E is therefore an IOU

[4] Pub. Util. Code §216(a).

[5] Pub. Util. Code §218 defines an electrical corporation as every corporation "owning, controlling, operating, or managing any electrical plant."

"subject to [our] jurisdiction, control and regulation."[6] The Commission has jurisdiction to review an IOU's ERRA Compliance applications.[7]

In this Application, the Commission evaluates whether PG&E met the standard for compliance under the ERRA regulatory compliance process. In order for PG&E to meet the standards of ERRA Compliance, PG&E must demonstrate that it prudently administered all contracts and generation resources and dispatched energy in accordance with SOC 4 and the Commission's longstanding procurement priorities of reliability, least-cost, and environmental sensitivity during the Record Year.[8] Established in D.02-10-062, SOC 4 provides that "utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner."[9] For failure to uphold the utilities' duty to prudently administer contracts and achieve least-cost-dispatch, the Commission adopted a maximum potential disallowance for violations of SOC 4 at twice the utility's annual procurement administrative expenditures, as set in a utility's general rate case.[10] The maximum potential disallowance relates solely to the administration of electric procurement contracts and generation resources and to the dispatch of energy in a least cost manner, including contract negotiation and management, dispatch of UOG and third party generation resources, and fuel costs to UOG facilities. Potential

[6] Pub. Util. Code §216(b).

[7] Pub. Util. Code §454.5.

[8] D.02-10-062 at 17-18.

[9] *Id.* Conclusion Of Law 11 at 74.

[10] D.03-06-067 at 6.

disallowances that would not be included in the maximum potential disallowance cap would include expenses such as the costs for UOG replacement energy. For 2024, PG&E's annual procurement administrative expenditure is $45.528 million, and its maximum disallowance is $91.056 million.[11]

The Commission reviews ERRA applications under a reasonable manager standard, whereby it evaluates PG&E's actions based on whether they "comport with what a reasonable manager of sufficient education, training, experience, and skills using the tools and knowledge at his or her disposal would do when faced with a need to make a decision and act."[12]

PG&E has the burden of proof in this proceeding. PG&E satisfies its burden of proof based on a preponderance of the evidence.[13]

4. Settlement Agreement

This decision will first review the settlement agreement and PG&E's, Cal Advocates' and CalCCA's (collectively Settling Parties) Joint Motion to Approve Settlement Agreement, followed by review of the remaining scoped issues that were not contested and were not addressed in the settlement agreement.

PG&E resolved some of the concerns that Cal Advocates and CalCCA raised in their protests in its rebuttal testimony. After significant and extended negotiations, PG&E, CalCCA and Cal Advocates entered into a settlement

[11] Exhibit PG&E-01 at 14-3.

[12] D.11-10-002 at 11.

[13] D.16-04-006 at 11.

agreement to address all remaining contested issues in the application, including the following:

a. *Cal Advocates asserted that four additional Balancing Accounts should be reviewed in this proceeding, namely the New System Generation Balancing Account, the Modified Transition Cost Balancing Account, the Tree Mortality Non-bypassable Charge Balancing Account; and the BioMat Non-bypassable Charge Balancing Account.* The parties agreed that entries recorded in these Balancing Accounts would be reviewed in future ERRA Compliance applications.

b. *Cal Advocates recommended that PG&E hire an outside consultant, such as a metallurgist, to determine the cause of the premature failure of the exhaust valve at the Humboldt Bay Generating Station, Unit 3, on August 9, 2024, prepare a root cause evaluation and provide copies of the consultant's report(s) in the next ERRA Compliance application.* The parties agreed that in the event that Humboldt Unit 3 experiences a forced outage due to an exhaust valve failure in the future, PG&E will hire an outside consultant to conduct a root cause evaluation of the exhaust valve failure and will provide findings of the root cause evaluation to Cal Advocates.

c. *CalCCA recommended that PG&E categorize RA capacity related to the approved operational constraints by reducing unsold RA and increasing retained RA.* The parties agreed that PG&E should calculate retained RA in its 2024 Tracker using final capacity values (also referred as "Derates") used for monthly compliance filings and that PG&E should not be required to modify the retained RA accounting for the Record Year.

d. *CalCCA recommended that PG&E be required to file supplemental testimony regarding PG&E's vintaging of customers that opt-out of participating in the local CCA's service, move within the CCA territory, and then opt into the CCA service in their new location.* The assigned ALJ directed PG&E to complete the analysis and file supplemental testimony. The parties agreed that the supplemental testimony addressed CalCCA's concerns and that PG&E's billing system logic assigns vintages to those

> customers in a manner that is consistent with the Commission's vintaging directives.

These settled issues address contested concerns in scoped issues one, three and five and six.

4.2. Review of Settlement Agreements

Although California law recognizes "a strong public policy favoring the voluntary settlement of disputes,"[14] an adjudicating tribunal must find a proposed settlement agreement satisfies prescribed criteria before deciding upon approval.[15]

The Commission facilitates this strong policy goal by considering whether a settlement agreement produces a just outcome overall, instead of focusing on its individual terms:

> "In assessing settlements, we consider individual settlement provisions but, in light of strong public policy favoring settlements, *we do not base our conclusion on whether any single provision is the optimal result*. Rather we determine *whether the settlement as a whole produces a just and reasonable outcome*."[16]

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[14] *Rheinhart v. Nissan N. Am., Inc.* (2023) 92 Cal.App.5th 1016, 1027, *citing Monster Energy Co. v. Schechter* (2019) 7 Cal.5th 781, 793, 249, *Zamora v. Clayborn Contracting Group, Inc.* (2002) 28 Cal.4th 249, 260, *Kaufman v. Goldman* (2011) 195 Cal.App.4th 734, 745, *Osumi v. Sutton* (2011) 151 Cal.App.4th 1355, 1359 ("[i]t is, of course, the strong public policy of this state to encourage the voluntary settlement of litigation")). Settlement agreements "are highly favored as productive of peace and good will in the community, and reducing the expense and persistency of litigation." *McClure v. McClure* (1893) 100 Cal. 339, 343.

[15] *Rheinhart v. Nissan N. Am., Inc.*, 92 Cal.App.5th at 1027 "Notwithstanding that policy, courts can declare settlement agreements and releases, which the law treats like any other contracts (*Timney v. Lin* (2003) 106 Cal.App.4th 1121, 1127,), void and unenforceable on the basis of other public policies, illegality or unfairness." *citing City of Santa Barbara v. Superior Ct.* (2007) 41 Cal.4th 747, 777 & fn. 53.

[16] *See* D.11-05-018 at 16 (emphasis added). *See also,* D. 25-12-029.

Although California law recognizes "a strong public policy favoring the voluntary settlement of disputes,"[17] an adjudicating tribunal must find a proposed settlement agreement satisfies prescribed criteria before deciding upon approval.[18] In other words, "[i]f a settlement is unreasonable, we will not be persuaded to approve unreasonable settlements simply because of a general policy favoring the approval of settlements."[19]

The Commission's Rules of Practice and Procedure (Rule(s)), Rule 12.1 governs our review of settlement agreements. Specifically, Rule 12.1 (d) obligates us to consider whether the settlement is "reasonable in light of the whole record, consistent with the law and in the public interest."

The Settling Parties contend that that settlement agreement terms comprehensively and reasonably address and resolve all contested issues in the proceeding, and that the settlement agreement is reasonable in light of the whole record, consistent with the law and in the public interest.[20]

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[17] *Rheinhart v. Nissan N. Am., Inc.* (2023) 92 Cal.App.5th 1016, 1027, *citing Monster Energy Co. v. Schechter* (2019) 7 Cal.5th 781, 793, 249, *Zamora v. Clayborn Contracting Group, Inc.* (2002) 28 Cal.4th 249, 260, *Kaufman v. Goldman* (2011) 195 Cal.App.4th 734, 745, *Osumi v. Sutton* (2011) 151 Cal.App.4th 1355, 1359 ("[i]t is, of course, the strong public policy of this state to encourage the voluntary settlement of litigation")). Settlement agreements "are highly favored as productive of peace and good will in the community, and reducing the expense and persistency of litigation." *McClure v. McClure* (1893) 100 Cal. 339, 343.

[18] *Rheinhart v. Nissan N. Am., Inc.*, 92 Cal.App.5th at 1027 "Notwithstanding that policy, courts can declare settlement agreements and releases, which the law treats like any other contracts (*Timney v. Lin* (2003) 106 Cal.App.4th 1121, 1127,), void and unenforceable on the basis of other public policies, illegality or unfairness." *citing City of Santa Barbara v. Superior Ct.* (2007) 41 Cal.4th 747, 777 & fn. 53.

[19] D.22-06-028 at 16.

[20] Settling Parties' Joint Motion for Adoption of Settlement Agreement at 8

4.2.1. The Settlement Agreement is Reasonable in Light of the Whole Record

The Settling Parties reached an agreement after extensive settlement negotiations and after preparing additional testimony on one contested issue.

Cal Advocates urged the Commission to examine:

1. The New System Generation Balancing Account;
2. The Modified Transition Cost Balancing Account;
3. The Tree Mortality Non-bypassable Charge Balancing Account; and
4. The BioMat Non-bypassable Charge Balancing Account in addition to the ERRA and PABA in this ERRA Compliance proceeding.[21]

Cal Advocates did not expand on why these additional Balancing Accounts should be reviewed in this ERRA compliance proceeding, other than to identify that power procurement costs incurred on behalf of both bundled and departing loaded are recorded in these accounts as well as the PABA.[22] PG&E countered that while the four additional balancing accounts are procurement-related, there is no current Commission directive to review these Balancing Accounts in the annual ERRA compliance proceeding. Accordingly, PG&E did not include these accounts in the Application or its prepared testimony. PG&E proposed instead that these accounts be included in its 2025 ERRA Compliance application.[23] We find it an unreasonable burden to require the parties to include

[21] Cal Advocates Protest at 3.

[22] PAO-01 at 5-10.

[23] PG&E Reply to Protests at 3.

these additional balancing accounts in the 2024 ERRA Compliance proceeding. But it is reasonable, based on the record in this proceeding, to include:

1. The New System Generation Balancing Account;
2. The Modified Transition Cost Balancing Account;
3. The Tree Mortality Non-bypassable Charge Balancing Account; and
4. The BioMat Non-bypassable Charge Balancing Account in subsequent ERRA compliance applications commencing with the 2025 ERRA Compliance application.

Cal Advocates also urged the Commission to require PG&E to hire an outside consultant, such as a metallurgist, to determine the cause of the April 9, 2024, failure of the exhaust valve at Humboldt Bay Generating Station, Unit 3, and to prepare a root cause evaluation report, which should be included in PG&E's next ERRA Compliance filing following the valve failure.[24] PG&E explained that the failed exhaust valve had been recycled rendering it impossible to conduct an examination of the failed part.[25] The settlement agreement states "in the event that the Humboldt Unit 3 experiences a forced outage due to a repeat exhaust valve failure, PG&E will hire an outside consultant to conduct a root cause analysis of the exhaust valve failure," and will provide the findings to Cal Advocates.[26] We find this to be a reasonable resolution of this contested issue based on the record in this proceeding; however, we direct PG&E to include the findings of any root cause evaluation in its next ERRA Compliance

[24] PAO-01 at 3-49.

[25] Settlement Agreement at 3.

[26] *Id.* at 3-4.

application, as well as providing the findings to Cal Advocates. Additionally, we caution PG&E about recycling failed parts if doing so would thwart a root cause analysis of their failure.[27]

CalCCA challenged the operational constraints PG&E recognized as retained RA in the PABA as being inconsistent with the operational constraints approved by the Commission and specified in PG&E's BPP. CalCCA urged the Commission to require PG&E to recategorize RA capacity related to the approved operational constraints by reducing unsold RA and increasing retained RA.[28] PG&E responded that CalCCA was conflating the terms "operational constraints" with "derates." PG&E explained "[d]erates represent a similar type of reduction in capacity, but differ from Operational Constraints in the timing of when each is applied."[29] Operational constrains refer to forecasted capacity values while derates refer to final capacity values.[30] PG&E also identified another error in CalCCA's argument relating to timing of PG&E's RA position.[31] In the settlement agreement, CalCCA and PG&E agreed "it is reasonable for PG&E to calculate retained RA in its 2024 RA tracker using final capacity values (also referred to as "Derates") used for monthly RA compliance filings," and that

[27] In the 2023 PG&E ERRA Compliance proceeding, a part failed at the Humboldt Generating Station, Unit 6. In response to Cal Advocates request for a root cause evaluation of that part failure, PG&E also responded that the part had been recycled likewise thwarting a cause evaluation. *See* D.25-06-007 at 11.

[28] CalCCA-01 at 2.

[29] PG&E-03 at 8-1 and 8-2.

[30] *Id.* at 8-3.

[31] PG&E-03-C at 8-2.

PG&E need not modify its retained RA accounting for the 2024 Record Year.[32] We find that the settlement agreement reasonably resolves this issue, based on the record in this proceeding, and addresses both CalCCA's and PG&E's concerns.

The final contested issue addressed in the settlement agreement relates to vintaging of certain CCA customers, particularly those customers who opted out of CCA service initially and returned to bundled service, then opted back into CCA service, and subsequently relocated within the incumbent CCA territory. The assigned ALJ requested supplemental testimony on this issue. The supplemental testimony served on March 11, 2026, identified 156 customers meeting the criteria. In its analysis, PG&E found that with one exception,[33] all 156 customers were vintaged in compliance D.08-09-012 or D.16-09-044 or according to the date that they opted into CCA service, even if they relocated within the same CCA territory.[34] PG&E concluded that its analysis demonstrated that program logic updates are not necessary.[35] The supplemental testimony satisfied CalCCA's concerns to the extent that CalCCA did not see the need to reply to that testimony. The settlement agreement acknowledges that no additional changes need to be made to the programming logic to address vintaging of this subset of CCA customers.[36] We find this to be a reasonable compromise and

[32] Settlement Agreement at 5.

[33] PG&E explained that the one customer with a misassigned vintage resulted from human error rather than from flawed programming logic. PG&E corrected the error. PG&E-07 at 5.

[34] PG&07 at 2.

[35] *Id.* at 5-6.

[36] Settlement Agreement at 5.

likewise find the settlement agreement to be reasonable in light of the whole record.

4.2.2. The Settlement Agreement is Consist with the Law

The settlement agreement is consistent with all applicable statutes, regulations and Commission Rules. The Settling Parties and their counsel in this proceeding are sophisticated and experienced in Commission proceedings. They each possess substantial expertise regarding the issues presented by the Application. The record shows that the Settling Parties proposed approval and adoption of the settlement agreement through a written joint motion. The motion presents the factual and legal considerations adequate to advise the Commission on the scope and terms of the settlement agreement and of the grounds for its adoption. The settlement agreement was limited to the issues scoped in this proceeding. Therefore, the Parties complied with the written motion requirements of Rule 12.1(a).

In addition, the settlement agreement effectuates established Commission and state policy to promote settlement of disputes. This policy reduces litigation expenses, conserves Commission resources, and allows parties to control the risk of unacceptable results of litigation. The Commission policy favoring settlements is especially appropriate here, where the Settling Parties, including the Applicant, jointly requested approval of the settlement agreement. Nonetheless, we recognize that California's strong public policy favoring settlement does not excuse a contractual clause that is otherwise illegal or

unjust.[37] A reading of the settlement agreement does not reveal any concerns about the legality of its terms.

Accordingly, we find that the settlement agreement is consistent with applicable law.

4.2.3. The Settlement Agreement is in the Public Interest

We review each settlement agreement presented in light of the circumstances of each case to determine if the settlement agreement is in the public interest.[38] The Settling Parties have shown that the settlement agreement is in the public interest by agreeing to a reasonable compromise of issues that would have otherwise been litigated with attendant costs on the Settling Parties and the Commission, that significant compromises of adverse litigation positions were made as detailed above, and that the compromises reached do not jeopardize public safety.

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[37] *Rheinhart v. Nissan N. Am., Inc.*, 92 Cal.App.5th 1016, 1028 *citing Timney v. Lin* (2003) 106 Cal.App.4th 1121, 1127, "[O]ur Supreme Court and other California courts have rejected the notion that a settlement judge may properly act to 'approve' an illegal contract and thereby shield it from invalidation. [Citations.]"

[38] In *Santa Barbara v. Superior Court* (2007) 41 Cal.4th 747, 755-56, the California Supreme Court, *citing Tunkl v. Regents of University of California* (1963) 60 Cal.2d 92, 98 addressed the "factors or characteristics" that underlie the concept of "public interest" in the context of an agreement releasing liability as follows:

> "The social forces that have led to such characterization are volatile and dynamic. No definition of the concept of public interest can be contained within the four corners of a formula. The concept, always the subject of great debate, has ranged over the whole course of the common law; rather than attempt to prescribe its nature, we can only designate the situations in which it has been applied. We can determine whether the instant contract does or does not manifest the characteristics which have been held to stamp a contract as one affected with a public interest."

The Settling Parties represent distinct and affected interests in that PG&E is responsible for procuring power to serve customers, Cal Advocates represents ratepayers, and CalCCA represents the interests of CCA customers.[39] No other interests sought to intervene in this proceeding. Likewise, there were no protests to the settlement agreement and all parties to the proceeding jointly submitted the motion to approve the settlement agreement.

The settlements reached will provide the public with more information about outages caused by failing exhaust valves at the Humboldt Bay Generating Station, and about additional power procurement balancing accounts that impact both bundled customers and departing loads. The settlement agreement also solidifies that PG&E's programming logic accurately vintages certain CCA customers. Finally, by using final capacity values to calculate retained RA in monthly filings, the public will get the most accurate picture of PG&E's retained RA. Because:

1. The settling parties represent diverse interests;
2. The settlement terms are reasonable, fair and balanced;
3. The settlement agreement alleviates the need to litigate the contested issues; and
4. There were no protests to the joint motion to approve the settlement agreement, we find the settlement agreement to be in the public interest.

[39] *Id.* at 9.

5. PG&E's ERRA Compliance Analysis and Review of Remaining Scoped Issues

5.1. PG&E's Administration of its Utility-owned Generation and QF Contracts and Non-QF Contracts

In section 4, above, we reviewed contested issues relating to scoped issues one, three, five and six. Now we will turn to the uncontested issues and will perform the necessary compliance review to evaluate whether PG&E complied with all applicable Rules, tariffs, regulations, Commission decisions and laws, including a review of whether PG&E prudently administered its contracts and generation resources and dispatched energy in a least-cost manner in compliance with SOC 4.

5.1.1. Utility Owned Generation

PG&E operates the following UOG:

1. Hydroelectric;
2. Fossil fuel;
3. BESS;
4. Solar; and
5. Nuclear.

This decision considers each electricity generation source below.

5.1.2. Hydroelectric Generation

PG&E's utility-owed hydroelectric portfolio consists of 58 powerhouses with 94 generating units and ancillary support facilities that include reservoirs, diversions, dams and water conveyance apparatus.[40] Although PG&E sought to manage outages sufficiently in advance, the system experienced 46 unanticipated

[40] PG&E-01 at 2-1.

outages, 23 of which were caused by equipment malfunction, fire, lack of water, transmission issues, or storm events.[41]

In addition to the 2024 outages, review of two outages from the 2023 Record Year was postponed to the 2024 ERRA Compliance application because PG&E had not completed its cause evaluations for these two outages prior to filing it 2023 ERRA Compliance application. PG&E submitted the cause evaluations for the 2023 outages at the Caribou 1 Powerhouse and the Beldon Powerhouse with its workpapers. Corrective actions to address the causes of these two outages were included in PG&E's prepared testimony.[42] For example, corrective actions for the Beldon Powerhouse included adding a heat exchanger project to the Long-Term Plan, restoring seal clearances and revising Procedure PG-1402P-01.[43]

We find that PG&E operated its hydroelectric portfolio in a reasonable manner during the Record Year by maintaining a comprehensive management structure, prudently overseeing operation of the large and geographically dispersed, and aging hydroelectric system. We also find that PG&E's corrective actions relating to the two 2023 outages were reasonable and consistent with Commission directives and decisions.

[41] *Id.* at 2-27 and 2-28.

[42] PG&E-01 at 2-31 and 2-33.

[43] *Id*. at 2-31.

5.1.3. Fossil Fuel Generation, BESS and Solar Generation

During the Record Year, PG&E owned, operated and maintained three fossil fuel generating stations, one BESS project and 10 ground-mounted photovoltaic (PV) solar stations.[44] The three fossil fuel generating stations include the Gateway Generation Station, Colusa Generating Station and Humboldt Bay Generating Station. The BESS facility is known as the Elkhorn BESS. The 10 ground-mounted PV generation stations are known as:

1. Vaca Dixon;
2. Westside;
3. Stroud;
4. Five Points;
5. Huron;
6. Cantua;
7. Giffen;
8. Gates;
9. West Gates; and
10. Guernsey Solar Station.[45]

A forced outage is defined as an unplanned outage due to equipment failures, or the need for an urgent repair.[46] PG&E's fossil fuel generating facilities experienced seven forced outages during the Record Year lasting more than 24 hours in duration. The Gateway Generation Station experienced no

[44] *Id*. at 3-1.
[45] *Ibid.*

[46] A forced outage differs from a planned outage, which is a scheduled outage usually for maintenance purposes. PG&E-01 at 3-18 and 3-19.

forced outages. The Colusa Generating Station experienced one forced outage for eight days during March 2024.[47] The Humboldt Bay Generating Station experienced six forced outages during the Record Year,[48] which is half of the number of outages this generating station experienced in the 2023 Record Year.

Ruptured discs caused several of the Humboldt Bay Generating Station Unit 3 forced outages. A failed exhaust valve also caused an outage.[49] Cal Advocates identified that this was the second time in two years that an exhaust valve failed at the Humboldt Station. The 6.4-day forced outage cost ratepayers over $100,000 in contract labor and materials. Cal Advocates suggested that a metallurgical prepare a report on the failed Unit 3 exhaust valve and the report be submitted in the next ERRA Compliance application.[50] The Settling Parties agreed that should a Unit 3 exhaust valve fail again in the future, PG&E will hire a consultant and prepare a report and submit it to Cal Advocates. As noted above, PG&E is directed to provide the consultant report(s) to the Commission in its next ERRA Compliance application following the forced outage relating to a failed exhaust valve.

The Elkhorn BESS, located at the Moss Landing Substation in Monterey County, stores energy for dispatch onto the grid as needed. It is a flexible

[47] *Id.* at 3-20.

[48] *Id*. at 3-22.

[49] *Ibid.*

[50] PAO-01 at 3-1.

resource that assists in reliability.[51] There were no forced outages at the Elkhorn BESS in 2024.[52]

During the Record Year, PG&E's PV generating facilities were operated at maximum production and were included in the California Independent Systems Operator (CAISO) market subject to CAISO tariff provisions.[53] In approving PG&E's PV program, D.10-04-052 linked PV performance to recovery of operation and maintenance costs. Specifically, PG&E's PV generating facilities must operate minimally at 80 percent of expected output. Failure to do so will be a factor in disallowing or refunding operation and maintenance costs to ratepayers. In the Record Year, PG&E's PV facilities operated at 63.5 percent of expected output. PG&E explained that but for CAISO's request that PG&E curtail output for economic dispatch purposes, PG&E's PV output would have achieved 79.1 percent of expected output.[54] Additionally, PG&E contends that a transmission induced curtailment at the Stroud Solar Station accounted for 37,379 MWh[55] of downtime, and if one accounted for this transmission induced curtailment, the PV facilities would have operated at 90.1 percent.[56] Accordingly, the Commission finds that because the reduced output was the result of CAISO

[51] Exhibit PG&E-01 at 3-3.

[52] *Id.* at 3-25.

[53] Exhibit PG&E-01 at 3-17.

[54] *Id*. at 3-18.

[55] Mega Watt hours.

[56] Exhibit PG&E-01 at 3-18.

curtailment requests and transmission induced curtailment, the reduced output does not warrant disallowing operation and maintenance costs.

The evidence shows that PG&E acted reasonably in addressing the outages at two of its fossil fuel facilities. In summary, the Commission finds that PG&E prudently managed its utility-owned fossil fuel generation, BESS and solar generation facilities, in compliance with all applicable rules, regulations and Commission decisions.

5.1.4. Nuclear Generation

PG&E owns and operates the Diablo Canyon Nuclear Power Plant (Diablo Canyon) located in San Luis Obispo County. Diablo Canyon consists of two operating units. PG&E plans refueling and maintenance outages to properly operate and maintain Diablo Canyon. There were no forced outages of Unit 1 in 2024, but there was one maintenance outage in 2023, the review of which was deferred to the Application to allow sufficient time to complete the root cause evaluation.[57] During the 2023 maintenance outage, PG&E replaced a leakby[58] valve with a stronger valve that was effective at accommodating higher stress and allowed resumption of full power operation without leakby.

In 2024, Unit 2 experienced one refueling outage, one maintenance outage and one forced outage. Additionally, a 2023 maintenance outage was also deferred to the Application due to an ongoing cause evaluation. The 2023 maintenance outage was necessary to replace a lightning arrester before the

[57] PG&E-01 at 4-9.

[58] PG&E explained that a leakby is flow through a closed valve that remains contained within the piping system. *Id.* at 4-10.

winter rains.[59] The planned 2024 refueling outage took Unit 2 offline for 43.7 days.[60] Unit 2 also experienced a forced outage for 1.3 days a few days after the refueling outage due to a failure of a backflow prevention switch resulting in a large steam discharge. As a result of this backflow prevention switch failure, PG&E is implementing a preventative maintenance strategy on these switches.[61]

In 2024, Diablo Canyon experienced only one forced outage that lasted for just a little over one day. Accordingly, the evidence supports our finding that PG&E operated Diablo Canyon in a reasonable manner during the Record Year.

5.2. Administration of QF and Non-QF Contracts

"[U]tilities shall prudently administer all contracts and generation resources and dispatch the energy in a least cost manner."[62] In ERRA Compliance proceedings, we "verify and ensure that each contract was administered in accordance with the terms of the contract, and contract disputes that may arise are reasonable resolved."[63] In sum, we review administration of QF and Non-QF contracts to ensure that the utility acted reasonably, prudently and in compliance with SOC 4.

During the Record Year, PG&E managed and settled 529 energy contracts. PG&E also managed 110 contracts for projects with generation capacity of 6,759.90 MW that began delivery or achieved commercial operation. PG&E

[59] *Id*. at 4-11 and 4-12.

[60] *Ibid.*

[61] *Id.* at 4-13.

[62] D.02-10-062 at 74.

[63] Pub. Util. Code § 454.5(d)(2).

entered into 48 contract amendments, settled three disputes, and collected termination payments and liquidated damages in the amount of $55,527,035.[64]

5.2.1. Solar Alpine, LLC, Agua Caliente Solar, LLC, Daggett Solar Power 2 LLC Contract Amendments, and the Poblano BESS Contract Amendments

Unlike other contract amendments that are approved as part of PG&E's contract administration, these four contract amendments were not considered routine or administrative in nature or were not otherwise submitted to the Commission for review and approval in separate applications or advice letters.[65]

PG&E requests Commission review and approval of three amendments related to:

1. Power Purchase and Sale Agreement (PPA) with Solar Alpine LLC;
2. PPA with Agua Caliente Solar, LLC; and
3. Long-Term Resource Adequacy Agreement (LTRAA) with Daggett Solar Power 2 LLC.

Although each of these contracts involves a different counterparty name, the projects associated with the contracts are owned by the same parent company, Clearway Energy.[66] These amendments address several issues and result in benefits to ratepayers.[67] Accordingly, we find these three contract amendments to be reasonable and prudent.

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[64] PG&E-01 at 9-1, 9-2, and 9-15, Table 9-2.

[65] PG&E-01 at 9-21.

[66] *Ibid*.

[67] PG&E-01-C at 9-21 and 9-22.

Poblano BESS is a 50 MW battery storage project that includes RA.[68] We find that due to constraints outside of PG&E's control, contract amendments were necessary, prudent and reasonable.

In summary, the extensive testimony and work papers in the evidentiary record address PG&E's contract management, fuel procurement expenses and PG&E's electric portfolio hedging during the Record Year and support a finding that PG&E administered its QF and non-QF contracts reasonably, prudently, and in conformance with SOC 4 and its BPP. Additionally, the four contract amendments related to the Alpine Solar, Agua Caliente Solar, and Daggett 2 BESS[69] projects, and the Poblano energy storage project are reasonable and should be approved.

5.3. Least Cost Dispatch

Least cost dispatch refers to a utility's dispatch of resources in a least-cost manner by using the most cost-effective mix of total resources and scheduling dispatch efficiently and strategically. In an ERRA Compliance proceeding, the Commission considers whether the utility complied with SOC 4 that requires consideration of (1) whether the utility dispatched contracts under its control, (2) whether it disposed of economic long power and purchased short power in a manner that minimizes ratepayer costs, and (3) whether the utility used the most cost-effective mix of total resources, thereby minimizing the cost of delivering electric services.

For the Record Year, PG&E provided the following:

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[68] *Id*. at 9-22.

[69] Battery energy storage systems.

1. An overview of the least cost dispatch in the CAISO markets;
2. A description of the least-cost dispatch business process that includes PG&E's bidding and scheduling processes including details on billing and scheduling thermal and hydro resources;
3. A summary of reports and tables with annual exception rates for incremental cost bid calculations and self-commitment decisions;
4. A discussion of economically-triggered demand response programs including a discussion of economically dispatched demand response, the capacity bidding program with an annual summary of results, and the smart air conditioning program.

PG&E also detailed 2024 market and business process changes resulting from two CAISO stakeholder initiatives.[70]

Cal Advocates highlighted that there are no Commission reporting guidelines for energy storage dispatch. Nonetheless, Cal Advocates recommended that starting in the 2025 ERRA Compliance proceeding, PG&E submit workpapers documenting the least-cost dispatch of its BESS resources. "Given that BESS has energy storage and dispatch capabilities, Cal Advocates recommends that the Commission directs PG&E provide workpapers detailing the dispatch frequency of its UOG and contracted BESS resources in the top 500 highest-value energy hours in each Record Period."[71] We find Cal Advocates recommendation to be reasonable and direct PG&E to provide this information

[70] *See* PG&E-01, chapter 1.

[71] PAO-01 at 2-25.

in subsequent ERRA Compliance applications commencing with PG&E's ERRA Compliance 2026 application, unless or until the Commission institutes a rulemaking covering storage resources, including promulgating standards governing least cost dispatch requirements for energy storage.

PG&E's testimony and accompanying work papers demonstrated that it achieved least-cost dispatch of its energy resources and economically-triggered demand response programs pursuant to SOC 4 in the Record Year. Accordingly, the Commission finds that PG&E's least-cost dispatch in the Record Year was in compliance with Commission requirements, including SOC 4.

5.4. ERRA and PABA

5.4.1. Reasonableness of ERRA and PABA account entries

In this proceeding, we review the ERRA for the actual ERRA revenues and electric procurement costs for revenue recovery from PG&E's bundled customers, except for bundled customers served under the Green Tariff Shared Renewables Program.[72] Revenues and Costs recorded in the ERRA Balancing Account include, in whole or in part:

1. Customer revenues;
2. Retained portfolio attribute value;
3. Voluntary allocation and market offer;
4. Minimum retained renewable portfolio standard value;
5. Reliability Order Instituting Rulemaking Supply and Demand;
6. Energy supply administration;

[72] *See* D.02-10-062, D.02-12-074 and Pub. Util. Code § 454.5(d)(3), as modified by D.18-10-019.

7. CAISO charges and revenues;
8. Fuel costs;
9. Contract costs;
10. Greenhouse gas costs; and
11. Miscellaneous costs.[73]

PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries into the ERRA Balancing Account.[74]

The PABA, established by D.18-10-019, is a two-way cost balancing account with subaccounts for each vintaged portfolio.[75] The purpose of the PABA is to record the above-market costs for all generation resources that are eligible for recovery through the Power Charge Indifference Adjustment (PCIA).[76] Unlike the ERRA, PG&E recovers PCIA from both bundled and departing load customers. PCIA-eligible generation resources are assigned vintages based on the year PG&E commits to the resource, and customers are assigned vintages based on when the customer departed bundled service. Accordingly, PABA is a series of subaccounts for each year's vintage portfolio. Each subaccount contains the costs and revenues associated with the generation resources executed or approved by the Commission for the cost recovery in that particular year.

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[73] Exhibit PG&E-01 at 13-2 to 13-5.

[74] Exhibit PG&E-01, chapter 13.

[75] D.18-10-019, OP 7 contained a vintaged account structure that includes categories for billed revenues, generation resource costs, net CAISO market revenues related to energy and ancillary services, and revenues associated with the renewable energy adder and RA capacity.

[76] PG&E's PABA Electric Preliminary Statement Part HS. Both bundled customers and departing load customers pay PCIA costs.

Cal Advocates made two recommendations with respect to PABA entries. Specifically:

1. Cal Advocates recommended that PG&E adjust a credit on tariff line-item 5.a.e. for cost-allocation methodology (CAM) replacement RA using the most recent RA market price benchmark; and
2. Cal Advocates recommended that PG&E adjust the credit associated with tariff line 5.p. for the gain on sale of the Burney Gardens property to account for errors in PG&E's initial assessment of the time the asset spent as non-utility property and a minor error in the stated purchase date of an asset.[77]

PG&E addressed Cal Advocates concerns in its rebuttal testimony by making the change in tariff line 5.a.e for CAM replacement.[78] PG&E did not contest the change in tariff line 5.p for the gain on the sale of the Burney Gardens property.[79]

PG&E acknowledged a missing entry in October 2024 related to excess resources from its existing portfolio used to meet its incremental system reliability procurement target, which it corrected in April 2025 by crediting PABA for the value of the October excess RA plus interest. CalCCA recommends that the Commission approve the correction to PG&E's Record Year accounting entries.[80] We hereby approve these corrected entries.

[77] PAO-01 at 5-1.

[78] PG&E-03 at 12-3.

[79] *Id*. at 12-4.

[80] *Ibid.*

CalCCA, in response to PG&E's internal audit of the PCIA vintaging, challenged the vintaging of certain customers, primarily those customers that opted out of CCA service, subsequently opted in and then moved within the CCA territory.[81] The assigned ALJ requested supplemental testimony on this issue to ensure that PG&E's programming logic correctly vintaged these customers. As noted above, the programming logic proved effective. Cal CCA acknowledged that PG&E's supplemental testimony adequately addressed its recommendations and concerns regarding the programming logic.[82]

5.5. Conclusion

PG&E's testimony—both its prepared and rebuttal testimony—coupled with the resolution of disputed issues in both PG&E's rebuttal testimony and the settlement agreement demonstrate that it complied with all Commission decisions in recording entries in the PABA appropriately and accurately.[83]

Upon review, and with the compromises made in the settlement agreement, we find that the entries recorded in the ERRA and PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions.

5.6. Procurement of Greenhouse Gas Compliance Instruments

PG&E's BPP, as modified by Advice Letter 5473-E, details PG&E's procurement authority to comply with the Cap-and-Trade Program managed by

[81] CalCCA-01 at 18-19.

[82] Settlement Agreement at 5.

[83] Exhibits PG&E-01, chapter 12, PG&E-03, chapter 12 and the Settlement Agreement at 5.

the California Air Resources Board. The extensive record developed in this proceeding includes the parties' testimony and workpapers.[84] This evidence provided a sufficient showing that PG&E's procurement of Greenhouse Gas Compliance Instruments complied with its BPP, Commission directives and applicable tariffs. Accordingly, we find that PG&E's procurement of Greenhouse Gas Compliance Instruments complied with its BPP.

5.7. Resource Adequacy

In response to the 2000-2001 California energy crisis, load serving entities must procure resource adequacy capacity, referred to as RA. Like all load serving entities, PG&E must procure sufficient RA to meet the system, flexible and local RA requirements. Each load serving entity's RA requirements are set based on energy usage forecasts, and each load serving entity must report its compliance. Load serving entities report year-ahead procurement in annual filings due on October 31st of each year and month-ahead procurement 45 days prior to the compliance month.[85]

The Commission continues to modify and update RA requirements. For example, in 2021, effective 2022, the modifications obligated load serving entities to procure additional capacity to prepare for extreme heat during the summer months.[86] In 2023, a 24-hour slice-of-day framework and Phase 3 modifications were made to the RA program.[87] In 2024, D.24-06-004 adopted local capacity

[84] Exhibit PG&E, chapter 7.
[85] Exhibit PG&E-01 at 8-2.
[86] *See* D.21-02-028, D.21-03-056 and D.21-12-015.
[87] *See* D.23-04-010 and D.23-06-029.

obligations for 2025-2027, flexible capacity obligations for 2025 and other program refinements.

As a load serving entity, PG&E must satisfy its RA requirements and thus it "retains" RA sufficient to meet those requirements while also selling excess RA consistent with Appendix S to its BPP. PG&E explained that "[t]he retained or sold [RA] volumes and process associated with a resource is booked to PABA only if that resource is a PCIA-eligible resource."[88] With respect to retained RA, CalCCA challenged the operational constraints PG&E recognized as retained RA in PABA for being inconsistent with the operational constraints in PG&E's BPP and recommended that PG&E recategorize RA capacity related to the approved operational constraints by reducing unsold RA and increasing retained RA.[89] The Settling Parties addressed this issue in the settlement agreement wherein the parties agreed PG&E would recalculate retained RA in its 2024 RA tracker using final capacity values used for monthly compliance filings. The parties also agreed that PG&E need not modify its retained RA accounting for the Record Year.[90]

We find that PG&E satisfied the requirements for purchase and sale of RA consistent with PG&E's BPP, Appendix S. As discussed below, PG&E also serves as the central procurement entity (CPE) for PG&E's distribution service area for the multi-year local resource adequacy program.

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[88] PG&E-01 at 8-8.

[89] CalCCA at 12

[90] *Ibid.*

5.8. Recorded Entries in the Other Balancing Accounts and Memorandum Accounts

5.8.1. Green Tariff Shared Renewables Memorandum Account and the Green Tariff Shared Renewables Balancing Account

PG&E offers two Green Tariff Shared Renewables programs. The first is a green tariff program for customers under the name "PG&E's Solar Choice." The second is the "Regional Renewable Choice" program for developers, which PG&E opened in November 2015. Under D.15-01-051, PG&E must track administrative and marketing costs for the Green Tariff Shared Renewables program in a memorandum account.[91] These costs are subject to a reasonableness review in PG&E's annual ERRA Compliance application.

D.24-05-065 modified the Green Tariff Shared Renewables program by closing the Regional Renewable Choice program to new procurement not currently under negotiation or contract.[92] In the Record Year, PG&E recorded administrative and marketing costs to the Green Tariff Share Renewables Memorandum Account, but in 2025, there will be no costs related to the Regional Renewable Choice because the program will be closed. D.24-05-065 also modified the Green Tariff (i.e. Solar Choice) rate option by adopting a "top off" of renewable energy, meaning that customers would remain on the same tariff and are "topped off" to achieve 100 percent clean energy.

[91] PG&E-01 at 11-2.

[92] D.24-05-065, Ordering Paragraph 5 at 171.

PG&E recorded $330,254 in expenses to implement and manage the Green Tariff Shared Renewables program.[93] These costs were divided into five tasks: program management; technology and billing; energy procurement; contact center operations and marketing.[94]

Revenues received and actual expenses incurred from the Green Tariff Shared Renewables Program must be tracked in the Green Tariff Shared Renewables Balancing Account. The purpose of this balancing account is to track revenues received and actual expenses incurred to procure renewable energy for customers participating in the green tariff program. In 2024, PG&E's Solar Choice program was oversubscribed, meaning that the resources required exceeded those dedicated to the program. The Commission therefore authorized PG&E to add the interim pool of renewable portfolio standard resources to support the Solar Choice Program.[95]

Upon review, we find that PG&E's testimony demonstrated that its entries for administrative and marketing costs in the Green Tariff Shared Renewables Memorandum Account and its entries into the Green Tariff Shared Renewables Balancing Account recorded during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.[96]

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[93] PG&E-01 at 11-4.

[94] *Ibid.*

[95] CPUC Resolution E-5218, approving Advice Letter 6451-E, June 29, 2022. *See* PG&E-01 at 11-9.

[96] Exhibit PG&E-01, chapter 11.

5.8.2. Disadvantaged Communities – Single Family Solar Affordable Homes Balancing Account

The Disadvantaged Communities – Single Family Solar Affordable Homes Balancing Account records the costs of the Disadvantaged Communities – Single Family Solar Affordable Solar Housing program.[97] This program supports the development of alternatives and adoption and growth of renewable generation in disadvantaged communities.

Greenhouse gas allowance proceeds fund $4.37 million annually for this program.[98] PG&E's total costs for this program were $5.1 million representing management costs, program administrative costs and incentives.[99] Grid Alternatives operates this program for all three investor-owned utilities. Therefore, the only costs attributable to PG&E are PG&E's administrative costs of $97,497.75. This amount is $17,498 greater than PG&E's proposed budget in Advice Letter 7164-E, in which PG&E budgeted $80,000 for administration of this program. PG&E cites on-boarding a new program manager as the reason for the increase in administrative costs.[100] We find this explanation to be reasonable.

None of the entries in this account were contested. The evidentiary record in this proceeding supports the conclusion that the expenses PG&E recorded in the Disadvantaged Communities – Single Family Solar Affordable Homes Balancing Account were reasonable.[101] We find that the costs incurred and

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[97] *See* D.18-06-027.

[98] PG&E-01 at 15-1 and 15-2.

[99] *Ibid.*

[100] PG&E-01 at 15-4.

[101] Exhibit PG&E-01, chapter 15.

recorded in the Disadvantaged Communities – Single Family Solar Affordable Homes Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives, and that it is reasonable for PG&E to recover the 2024 program management expenses in the amount of $97,497.75.[102]

5.8.3. Disadvantaged Community – Green Tariff Balancing Account and Community Solar Green Tariff Balancing Account

In May 2024, the Commission consolidated the Disadvantaged Community-Green Tariff and the Community Solar Green Tariff programs effective at the end of 2024.[103] PG&E completed consolidation of these programs and commenced closing the Community Solar Green Tariff Balancing Account in 2024. PG&E intends to transfer the Community Solar Green Tariff Balancing Account final balances into the Disadvantaged Community-Green Tariff Balancing Account upon approval of its annual budget advice letter, which PG&E intends to file in April 2025.[104]

5.8.4. Disadvantaged Community – Green Tariff Balancing Account

The Disadvantaged Community – Green Tariff Balancing Account (DCGTBA) records the costs of the Disadvantaged Community – Green Tariff program. This program offers eligible customers the choice of using clean energy without installing generation equipment or owning a home. It is

[102] Exhibit PG&E-01 at 15-4.

[103] *See* D.24-05-065.

[104] PG&E-01 at 5-8.

available to customers in disadvantaged communities who meet income eligibility requirements for the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs or tribal communities. The DCGTBA gives customers an additional 20 percent discount on their electricity bills in addition to the CARE and FERA discounts. The program has been fully subscribed since 2020.[105] As customers leave the program for any reason including changes that make them ineligible, PG&E enrolls customers from its program waiting list. By mid-2024, PG&E fully exhausted its waiting list and commenced auto-enrolling customers in compliance with D.20-07-008 and D.24-05-065.[106]

PG&E recorded total expenses in the DCGTBA of $10,205,509. These expenses include interim renewable resources costs, administrative costs, revenue shortfall costs,[107] marketing and CCA integration costs. Dedicated resources costs are listed as credits in this balance sheet.[108]

We find that PG&E's testimony demonstrated that its entries recorded in the DCGTBA during the Record Year are reasonable and are in compliance with applicable tariffs and Commission directives.[109]

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[105] Exhibit PG&E-01 at 5-2.

[106] *Ibid.*

[107] Revenue shortfall costs include the 20 percent discount provided to customers in the program. In 2024, revenue shortfalls accounted for $4.6 million of the $10.2 million expenses. PG&E-01 at 5-5.

[108] *Ibid.*

[109] Exhibit PG&E-01, chapter 5 at 5-1 to 5-7.

5.8.5. Community Solar Green Tariff Balancing Account

The Community Solar Green Tariff Balancing Account (CSGTBA) records the costs of the Community Solar Green Tariff program. While the program is structured similarly to the Disadvantaged Communities Green Tariff program, this program was intended to solicit more local engagement in community-developed solar projects. This program was not only available to CARE and FERA customers but to participation by non-CARE and non-FERA customers once 50 percent or more of the project was subscribed to low-income customers. The CSGTBA gives participants a 20 percent discount.

PG&E reported that due to project delays and the subsequent issuance of D.24-05-065 in May 2024, PG&E never had any customers enrolled in the Community Solar Green Tariff program and did not have any dedicated solar resources come online and begin delivering energy. Despite the program not having any customers, PG&E incurred $123,136 in administrative and marketing costs during 2024. PG&E explained that these costs include technology and billing, program management, energy procurement and marketing.

We find that PG&E's testimony demonstrated that its entries recorded in the CSGTBA during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.[110]

5.8.6. Centralized Local Procurement Sub-Account of the New System Generation Balancing Account

As the CPE for the local RA program, PG&E must:

[110] Exhibit PG&E-01, chapter 5, at 5-5 to 5-7.

1. Conduct one or more competitive, all-source solicitations for local RA procurement with specific requirements outlined in the CPE Decision;
2. Evaluate and select bids in the solicitation in accordance with the all-source selection criteria;
3. Comply with various regulatory requirements; and
4. Contract with counterparties for procurement of local RA.[111]

In 2024, D.24-12-003 eliminated the non-compensated self-show option of the CPE framework.

As the CPE, PG&E may record and recover procurement and administrative costs.[112] PG&E has recorded these costs in the Centralized Local Procurement Sub-Account of the New System Balancing Account.[113] PG&E procured local RA for all load serving entities under the Commissions jurisdiction within the PG&E distribution service area.[114] The costs lodged in the Centralized Local Procurement Sub-Account of the New System Balancing Account are $1,858,931. In 2024, PG&E's costs were $1,700,996 and independent evaluator costs were $157,935.[115] None of the costs are in dispute in this proceeding.

The Commission finds PG&E's testimony demonstrated that its recorded costs in the Centralized Local Procurement Sub-Account of the New System

[111] PG&E-01 at 16-2.

[112] *See* D.20-06-002.

[113] Exhibit PG&E-01, chapter 16.

[114] Exhibit PG&E-01 at 16-1. This requirement to procure local RA commenced in 2023.

[115] *Id.* at 16-2.

Generation Balancing Account during the Record Year are reasonable and in compliance with Commission decisions.

5.9. PSPS Events

Utilities must "include the amount of estimated unrealized volumetric sales and unrealized revenue resulting from" PSPS event(s) in the ERRA Compliance proceeding addressing the year in which the PSPS event(s) occurred.[116] D.23-06-054 provided the methodology for determining unrealized volumetric sales and unrealized revenue associated with PSPS events.

5.9.1. PSPS Events in 2024

In 2024, PG&E called seven PSPS events[117]:

1. July 2-3, 2024 (37.31 hours), 1,843 customers affected;
2. July 5-6, 2024 (0 hours), 0 customers affected;
3. July 20-21, 2024 (7.23 hours), 212 customers affected;
4. September 30 -October 1, 2024 (10.81 hours), 9,176 customers affected;
5. October 17-20, 2024 (43.67 hours), 17,367 customers affected;
6. November 5-8, 2024 (36.27 hours), 21,357 customers affected; and
7. December 9-10, 2024 (22.96 hours), 571 customers affected.

The total number of customers affected by PSPS events was 50,526 with an average duration of 34 hours.[118]

[116] D.21-06-014, OP 1 at 283.

[117] PG&E-01, Table 17-1 at 17-4.

[118] *Ibid.*

5.9.2. Calculation of Unrealized Sales and Unrealized Revenues

PG&E calculated the unrealized sales amount by comparing the baseline usage for the affected customers with each customer's usage during the PSPS events. The baseline usage for each affected customer is derived based on the hourly load data from the seven days before and the seven days after each PSPS event. PG&E calculated that the unrealized sales for each of the relevant 2024 PSPS events to be:[119]

1. July 2-3, 2024 (37.31 hours), 61,278 kWh;
2. July 20-21, 2024 (7.23 hours), 3,021 kWh;
3. September 30-October 1, 2024 (10.81 hours), 66,606 kWh;
4. October 17-20, 2024 (43.67 hours), 1,012,451 kWh
5. November 5-8, 2024 (36.27 hours), 728,902 kWh, and
6. December 9-10, 2024 (22.96 hours), 19,771 kWh.

After applying the rate components to the unrealized sales, PG&E calculated that the unrealized revenues for the above PSPS events to be $296,922.[120]

We find that PG&E followed the appropriate methodology under D.23-06-054 for calculating unrealized volumetric sales and unrealized revenue from 2024 PSPS events. We find it reasonable to disallow PG&E from collecting $296,922 from the total revenue requirement, which is the amount of unrealized revenues for PSPS events that occurred in 2024. Within 60 days after the effective date of this decision, PG&E must file a Tier 1 advice letter with the Commission's

[119] *Id.* at Table 17-2 at 17-5.
[120] *Id.* at 17-11.

Energy Division to return this disallowance amount to ratepayers by applying this disallowance, with interest, to the appropriate Balancing Accounts.

6. Conclusion

In conclusion, we find it reasonable to approve PG&E's 2023 ERRA Compliance Application, as well as the settlement agreement.

7. Safety Considerations

No safety considerations were raised in the Application or by the intervenors. Accordingly, the Commission finds that there are no safety considerations raised by the Application.

8. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

The one comment on the docket card was from a customer concerned about energy rate increases and was not strictly related to this proceeding.

9. Procedural Matters

This decision affirms all rulings made by the assigned ALJ and the assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

10. Comments on Proposed Decision

The proposed decision by ALJ Leah Goldberg 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. PG&E filed comments on November 2, 2026. No party filed reply comments. In response to PG&E's comments, we align the compliance dates in the text on page 28, Conclusion of Law Number 18 on page 53, and Ordering Paragraph 5 on page 56 to obligate PG&E to include workpapers detailing the dispatch and frequency of its UOG and contracted BESS resources in the top 500 highest-value energy hours in each Record Period, commencing with the 2026 ERRA Compliance application. Other minor non-substantive edits were made.

11. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Leah Goldberg is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The 2024 Record Year extended from January 1, 2024, through December 31, 2024.

2. All parties in this proceeding entered into a settlement agreement resolving all contested issues in Scoped Issues one, three, five and six.

3. The Settling Parties represent distinct and affected interests in that PG&E is responsible for procuring power to serve customers, Cal Advocates represents ratepayers, and CalCCA represents the interests of CCA customers.

4. The settlement terms include:

    a. Entries recorded in the New System Generation Balancing Account, the Modified Transition Cost Balancing Account, the Tree Mortality Non-bypassable Charge Balancing Account; and the BioMat Non-bypassable Charge

Balancing Account will be reviewed in future ERRA Compliance applications.

b. In the event that Humboldt Unit 3 experiences a forced outage due to a repeat exhaust valve failure, PG&E will hire an outside consultant to conduct a root cause evaluation of the exhaust valve failure and will provide findings of the root cause evaluation to Cal Advocates.

c. PG&E should calculate retained RA in its 2024 Tracker using final capacity values (also referred as "Derates") used for monthly compliance filings and that PG&E should not be required to modify the retained RA accounting for the Record Year.

d. PG&E's billing system logic assigns vintages to those customers in a manner that is consistent with the Commission's vintaging directives and PG&E's supplemental testimony addressed CalCCA's concerns on this issue.

5. The Settling Parties reached an agreement after extensive settlement negotiations and after preparing additional testimony on the accuracy of PG&E's programming logic to assign vintages to CCA customers that opted out of CCA service, then opted into CCA service and subsequently moved within the CCA territory.

6. The settlement alleviated the need to litigate the contested issues saving the parties and the Commission time and expense.

7. The settlements reached will provide the public with more information about outages caused by failing exhaust valves at the Humboldt Bay Generating Station, and about additional power procurement balancing accounts that impact both bundled customers and departing loads. The settlement agreement also solidifies that PG&E's programming logic accurately vintages certain CCA

customers. Finally, by using final capacity values to calculate retained RA in monthly filings, the public will get the most accurate picture of PG&E's retained RA.

8. The Settling Parties complied with the written motion requirements in Rule 12.1.

9. PG&E operates the following UOG:

   a. Hydroelectric;
   b. Fossil fuel;
   c. Battery energy storage;
   d. Solar; and
   e. Nuclear.

1. PG&E's utility-owned hydroelectric portfolio consists of 58 powerhouses with 94 generating units with ancillary support facilities that include reservoirs, diversions, dams and water conveyance apparatus.

2. During the Record Year, PG&E owned, operated and maintained three fossil fuel generating stations, one BESS, and 10 ground-mounted PV solar stations.

3. PG&E's fossil fuel generating facilities experienced seven forced outages during the Record Year.

4. The Colusa Generating Station experienced one forced outage lasting eight days during March 2024.

5. PG&E's Humboldt Bay Generating Station, a fossil fuel generating facility, experienced six forced outages during the Record Year—four on Unit 3, one on Unit 5 and one on Unit 8.

6. During April 2024, Humboldt Bay Generating Station Unit 3 was forced out of service because of a faulty exhaust valve.

7. PG&E's PV generating facilities were operated at only 63.5 percent of expected output because CAISO requested that PG&E curtail output for economic dispatch purposes. Otherwise, PG&E's PV output would have achieved 79.1 percent of expected output. Curtailment at the Stroud Solar Station accounted for 37,379 MWh of downtime. Accounting for Stroud's curtailment, PG&E's PV facilities would have operated at 90.1 percent.

8. PG&E owns and operates the Diablo Canyon Nuclear Power Plant.

9. Diablo Canyon Unit 2 experienced one refueling outage, one maintenance outage and one forced outage which lasted for a little over one day in 2024, as well as a maintenance outage in 2023.

10. PG&E conducted cause evaluations on outages at the Belden and Caribou 1 Powerhouse outages and two maintenance outages at Diablo Canyon Nuclear Power Plant, which occurred during the 2023 Record Year and were deferred for review to the 2024 ERRA Compliance application.

11. Diablo Canyon Unit 1 experienced one maintenance outage in 2023, in which PG&E replaced a leakby valve with a stronger valve that was effective at accommodating higher stress and allowed resumption of full power operation without leakby.

12. The evidence supports a finding that PG&E operated Diablo Canyon in a reasonable manner during the Record Year.

13. During the Record Year, PG&E managed and settled 529 energy contracts.

14. PG&E managed 110 contracts for projects that began delivery or achieved commercial operation with generation of 6,759.90 MW.

15. PG&E entered into 48 contract amendments and settled three disputes resulting in the collection of roughly $55.5 million in termination payments and damages.

16. PG&E amended the Solar Alpine, LLC PPA, Agua Caliente Solar, LLC PPA and the LTRAA Daggett 2 BESS Agreements in the Record Year to address several issues resulting in benefits to ratepayers.

17. Poblano Energy Storage is a 50 MW BESS project that includes RA.

18. Currently, there are no Commission reporting guidelines for energy storage dispatch.

19. The evidentiary record supports a finding that PG&E reasonably and prudently administered its QF and non-QF contracts reasonably and in conformance with SOC 4 and its BPP.

20. Cal Advocates recommended that starting in the 2025 ERRA Compliance proceeding, PG&E submit workpapers documenting the least-cost dispatch of its BESS resources.

21. PG&E's testimony demonstrates that it achieved least cost dispatch of its energy resources and economically triggered demand response programs pursuant to SOC 4 in the Record Year.

22. PG&E’s testimony demonstrates that it complied with all Commission decisions in recording entries into the ERRA Balancing Account appropriately and accurately during the Record Year.

23. PG&E achieved least cost dispatch of its energy resources and economically triggered demand response programs in compliance with Commission requirements and under SOC 4 in the Record Year.

24. PG&E made changes to tariff line 5.a.e for CAM replacement and tariff line 5.p for the gain on the sale of the Burney Gardens property. PG&E also acknowledged a missing entry in October 2024 related to excess resources from its existing portfolio used to meet its incremental system reliability procurement target, which it corrected in April 2025 by crediting PABA for the value of the October excess RA plus interest. With these changes, PG&E's testimony demonstrates that it complied with all Commission decisions in recording entries in the PABA appropriately and accurately.

25. The extensive record in this proceeding provides a sufficient showing that PG&E's procurement of Greenhouse Gas Compliance Instruments is in compliance with its BPP, Commission directives and applicable tariffs.

26. The evidentiary record in this proceeding supports a finding that PG&E satisfied the Commission's requirements for the purchase and sale of RA capacity consistent with PG&E's BPP.

27. PG&E offers two Green Tariff Shared Renewables Programs, namely "PG&E's Solar Choice," for customers and the "Regional Renewable Choice" program for developers.

28. D.24-05-065 modified the Green Tariff Shared Renewables program by closing the Regional Renewable Choice program to new procurement not currently under negotiation or contract.

29. In 2024, no customers took service under the Regional Renewable Choice program tariff.

30. PG&E's testimony demonstrated that its entries recorded in the Community Solar Green Tariff Shared Renewables Memorandum Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

31. PG&E recorded $330,254 in expenses during the Record Year to implement and manage the Green Tariff Shared Renewables program.

32. PG&E's testimony demonstrated that its entries recorded in the Green Tariff Shared Renewables Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

33. The Disadvantaged Communities – Single Family Solar Affordable Homes Balancing Account records the costs of the Disadvantaged Communities – Single Family Solar Affordable Solar Housing program.

34. During the Record Year, PG&E recorded $97,498 in administrative costs into the Single Family Solar Affordable Homes Balancing Account, which is $17,498 greater than PG&E's proposed budget in Advice Letter 7164-E due to on-boarding new personnel.

35. PG&E's testimony demonstrated that its entries into the Disadvantaged Communities-Single Family Solar Affordable Homes Balancing Account are reasonable and in compliance with applicable tariffs and Commission directives.

36. PG&E's testimony demonstrated that its entries recorded in the Disadvantaged Communities Green Tariff Balancing Account during the Record

Year are reasonable and in compliance with applicable tariffs and Commission directives.

37. PG&E has not had any customers enrolled in the Community Solar Green Tariff program and did not have any dedicated solar resources come on-line and begin delivering energy for this program.

38. During the Record Year, PG&E recorded $123,136 in administrative and marketing costs in the Community Solar Green Tariff Balancing Account.

39. PG&E's testimony demonstrated that its entries recorded in the Community Solar Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives.

40. PG&E recorded the procurement and administrative costs it incurred as the CPE for local RA in the Centralized Local Procurement Sub-Account of the New System Balancing Account.

41. In 2024, PG&E procured local RA in its capacity as the CPE for load serving entities under the Commission's jurisdiction within the PG&E distribution services area.

42. PG&E's testimony demonstrated that its recorded costs in the Centralized Local Procurement Sub-Account of the New System Generation Balancing Account during the Record Year to be reasonable and in compliance with Commission decisions.

43. D.23-06-054 set forth the methodology that PG&E appropriately used to calculate the unrealized sales and unrealized revenues caused by PSPS events.

44. In the Record Year, the total number of customers affected by PSPS events was 50,526 with the seven PSPS events averaging 34 hours.

45. The total amount of unrealized revenues resulting from the 2024 PSPS events is $296,922.

46. No safety considerations were raised in the Application.

Conclusions of Law

1. It is reasonable to include the New System Generation Balancing Account, the Modified Transition Balancing Account, the Tree Mortality Non-bypassable Charge Balancing Account and the BioMat Non-bypassable Charge Balancing Account in subsequent ERRA Compliance applications commencing with the 2025 ERRA Compliance application.

2. The settlement agreement reasonably requires PG&E to hire a metallurgist or other outside consultant to conduct a cause evaluation in the event that the Humboldt Bay Generating Station experiences a forced outage due to repeat exhaust valve failure in Unit 3 in the future and to provide the consultant report(s) to Cal Advocates and to the Commission.

3. It is reasonable for PG&E to calculate retained RA in its 2024 RA tracker using final capacity values used for monthly RA compliance filings and that PG&E need not modify its retained RA in accounting for the 2024 Record Year.

4. In light of the PG&E's supplemental testimony, no additional changes need to be made to the programing logic to address customers that first opted out of CCA service, then opted into CCA service and subsequently moved within the same CCA territory.

5. The settlement agreement is reasonable in light of the whole record including the supplemental testimony provided by PG&E.

6. The settlement agreement is consistent with the law by effectuating established Commission and state policy to promote settlement of disputes.

7. The settlement agreement is in the public interest because the Settling Parties reached a reasonable compromise of the issues that otherwise would have been litigated with attendant costs on the Settling Parties and the Commission, that significant compromises of adverse litigation positions were made and that the compromises reached do not jeopardize public safety.

8. The settlement agreement should be approved.

9. PG&E acted reasonably in addressing the forced outage at the Colusa Generating Station.

10. PG&E acted reasonably in addressing the six forced outages at the Humboldt Bay Generating Station.

11. PG&E operated its hydroelectric portfolio in a reasonable manner during the Record Year by maintaining a comprehensive management structure and by prudently overseeing operation of its hydroelectric system.

12. Output of 63.5 percent of expected output from PG&E's PV facilities is the result of CAISO curtailment requests and transmission induced curtailment, and does not warrant disallowing operation and maintenance costs.

13. PG&E reasonably and prudently managed its utility-owned fossil fuel generation, battery storage facility and solar generation facilities in compliance with all applicable rules, regulations and Commission decisions.

14. PG&E operated Diablo Canyon in a reasonable manner and in compliance with all applicable rules, regulations and Commission decisions.

15. PG&E reasonably and prudently administered its QF and non-QF contracts in conformance with SOC 4 and its BPP.

16. The contract amendments to the Solar Alpine, LLC PPA, the Agua Caliente Solar PPA and the Daggett 2 BESS LTRAA were reasonable and prudent and should be approved.

17. Due to constraints outside of PG&E's control, contract amendments were necessary, prudent and reasonable to the Poblano BESS agreement and should be approved.

18. It is reasonable for PG&E to provide workpapers detailing the dispatch frequency of its UOG and contracted BESS resources in the top 500 highest-value energy hours in each record year in subsequent ERRA Compliance applications. Unless or until the Commission institutes a rulemaking covering storage resources, including promulgating standards governing least cost dispatch requirements for energy storage, the Commission should direct PG&E to provide this information in future ERRA Compliance applications commencing with PG&E's 2026 ERRA Compliance application.

19. The entries recorded in the ERRA Balancing Account are reasonable, appropriate, accurate, and in compliance with Commission decisions.

20. With the corrections to tariff line 5.a.e for CAM replacement, to tariff line 5.p for the gain on the sale of the Burney Gardens property, and the inclusion of the missing entry from October 2024 related to excess resources from its existing portfolio used to meet its incremental system reliability procurement target, the entries recorded in the PABA are reasonable, appropriate, accurate, and in compliance with Commission decisions.

21. PG&E's procurement of Greenhouse Gas Compliance Instruments during the Record Year is reasonable and in compliance with its BPP, Commission directives and applicable tariffs.

22. PG&E's procurement and sales of RA during the Record Year are reasonable and in compliance with its BPP, Commission directives and applicable tariffs.

23. PG&E's entries recorded in the Green Tariff Shared Renewables Memorandum Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives and it is reasonable to approve PG&E's expenses to implement and manage this program.

24. PG&E's entries recorded in the Green Tariff Shared Renewables Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives and it is reasonable for the Commission to approve PG&E's expenses to manage and implement this program.

25. PG&E's entries recorded in the Disadvantaged Communities-Single Family Solar Affordable Homes Balancing Account were reasonable and in compliance with applicable tariffs and Commission directives and it is reasonable for PG&E to recover the 2024 program management expenses as recorded.

26. PG&E's entries recorded in the Disadvantaged Communities Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives and it is reasonable for PG&E to recover its expenses.

27. PG&E's entries recorded in the Community Solar Green Tariff Balancing Account during the Record Year are reasonable and in compliance with applicable tariffs and Commission directives and it is reasonable for PG&E to recover its expenses.

28. PG&E's recorded costs in the Centralized Local Procurement Sub-Account of the New System Generation Balancing Account during the Record Year are reasonable and in compliance with Commission decisions and it is reasonable for PG&E to recover its expenses.

29. It is reasonable to disallow PG&E from collecting $296,922, which is the adjusted disallowance amount of unrealized revenues for the PSPS events that occurred in 2024.

30. It is reasonable to approve PG&E's 2024 ERRA Compliance application.

O R D E R

IT IS ORDERED that:

1. Application 25-02-013 is approved, consistent with the conclusions of law adopted in this decision.

2. The Settlement Agreement between Pacific Gas and Electric Company, the Public Advocates Office of the California Public Utilities Commission and the California Community Choice Association is approved.

3. Pacific Gas and Electric Company shall include review of the:

   a. The New System Generation Balancing Account;
   b. The Modified Transition Cost Balancing Account;
   c. The Tree Mortality Non-bypassable Charge Balancing Account; and

d. The BioMat Non-bypassable Charge Balancing Account in subsequent Energy Resource and Recovery Account Compliance applications commencing with the 2025 Energy Resource and Recovery Account Compliance application.

4. If the Humboldt Bay Generating Station Unit 3 exhaust valve fails, Pacific Gas and Electric Company shall hire a consultant, possibly a metallurgist, to prepare a cause evaluation. Pacific Gas and Electric Company shall provide a copy of the consultant's report to Cal Advocates and shall include a copy in the next Energy Resource and Recovery Account Compliance proceeding following the outage.

5. Commencing with its 2026 Energy Resource and Recovery Account Compliance application and in subsequent Energy Resource and Recovery Account Compliance applications, Pacific Gas and Electric Company shall provide workpapers detailing the dispatch frequency of its utility owned generation and contracted battery energy storage system resources in the top 500 highest-value energy hours in each record year, unless or until the Commission institutes a rulemaking covering storage resources, including promulgating standards governing least cost dispatch requirements for energy storage.

6. The Commission approves Pacific Gas and Electric Company's April 2025 credit of the value of the October 2024 excess Resource Adequacy plus interest made to the Portfolio Allocation Balancing Account.

7. The Commission approves Pacific Gas and Electric Company's expenses of $330,254 to implement and manage the Green Tarriff Shared Renewables program.

8. The Commission approves Pacific Gas and Electric Company's recorded expenses of $10,205,509 in the Disadvantaged Communities Green Tariff Balancing Account.

9. The Commission approves Pacific Gas and Electric Company's recovery of $97,497.75 for 2024 program management expenses related to the Disadvantaged Communities-Single Family Solar Affordable Homes program.

10. The Commission approves Pacific Gas and Electric Company's recovery of $123,136 for 2024 program administrative and marketing expenses related to the Community Solar Green Tariff program.

11. The Commission approves Pacific Gas and Electric Company's expenses of $1,858,931 recorded in the Centralized Local Procurement Sub-Account of the New System Balancing Account.

12. Pacific Gas and Electric Company shall be disallowed from collecting $296,922 in revenue requirement from its 2024 total revenue requirement. The disallowance amount of $296,922 is the amount of adjusted unrealized revenues calculated for the Public Safety Power Shutoff events that occurred in 2024.

13. Within 60 days after the effective date of this decision, Pacific Gas and Electric Company shall file a Tier 1 advice letter with the Commission's Energy Division to return the disallowance amounts of $296,922 with interest, to the appropriate Balancing Account.

14. The determination that hearings are necessary is changed to no hearings needed.

15. All rulings by the assigned Commissioner and the assigned Administrative Law Judge are affirmed.

16. Application 25-02-013 is closed.

This order is effective today.

Dated _____, at Sacramento, California