

Docket No.: A.24-05-009

Exhibit No.: CalCCA-04

Date: November 12, 2024

Sponsor/Witness: Dickman

**EXHIBIT CalCCA-04**

**Select Pages from Application 24-05-010, Exhibit SDGE-05, Prepared Direct Testimony of  
Sheri Miller (May 15, 2024)**

Application No.: A.24-05-XXXX  
Exhibit No.: SDGE-5  
Witness: Sheri Miller

**PREPARED DIRECT TESTIMONY OF**  
**SHERI MILLER**  
**ON BEHALF OF**  
**SAN DIEGO GAS & ELECTRIC COMPANY**

***\*\*REDACTED – PUBLIC VERSION\*\****

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**May 15, 2024**

## TABLE OF CONTENTS

I.	PURPOSE AND OVERVIEW .....	1
II.	PCIA-ELIGIBLE COSTS.....	1
III.	PCIA BENCHMARKS.....	4
IV.	VOLUNTARY ALLOCATIONS OF REC ATTRIBUTES .....	7
V.	MARKET OFFER OF REC ATTRIBUTES.....	7
VI.	ADDITIONAL RPS REQUEST FOR OFFERS .....	7
VII.	GREEN TARIFF SHARED RENEWABLES.....	8
VIII.	SALES OF RESOURCE ADEQUACY .....	9
IX.	MONTHLY ACCOUNTING FOR REC AND RA MARKET VALUES, AND ANNUAL TRUE-UP .....	10
X.	OTHER COSTS RECOVERED IN PABA.....	11
XI.	SUMMARY .....	12
XII.	QUALIFICATIONS .....	13

ATTACHMENT A – DECLARATION OF SHERI MILLER

ATTACHMENT B – DECLARATION OF AARON FRANZ REGARDING  
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT  
TO D.16-08-024, *et al.*

ATTACHMENT C - FORECASTED 2024 YEAR END BALANCE OF PABA (**Confidential**)

(A.22-05-016) which may affect the amount of O&M described in this section. If SDG&E receives a decision which changes the amount of O&M revenue requirement, this amount will be updated in the October Update filing.

### III. PCIA BENCHMARKS

Pursuant to D.22-01-023, Energy Division issues updated PCIA market price benchmarks (“MPB”) in the beginning of October. This May filing of the 2025 ERRA Forecast uses the latest available benchmarks to calculate PCIA, shown in Table 1 below, that were received from Energy Division on October 2, 2023. In October of 2024, Energy Division will issue new benchmarks, and SDG&E will submit an updated 2025 ERRA Forecast in its October Update incorporating the new benchmarks, and Table 1 below will be updated accordingly.

**Table 1 – 2024 SDG&E Forecast Adders**

Energy Index On-Peak	\$68.30 (\$/MWh)
Energy Index Off-Peak	\$62.59 (\$/MWh)
System RA	\$15.23 (\$/kW-month)
Local RA	\$8.60 (\$/kW-month)
Flexible RA	\$9.12 (\$/kW-month)
Renewable Portfolio Standard (“RPS”) adder – REC	\$31.73 (\$/MWh)

D.23-06-006 requires SDG&E to calculate a factor to be multiplied by the Commission-provided energy benchmarks, as described in Appendix B of the decision. The factor is a measure of the difference between a three-year historical average of actual energy revenues received for PCIA resources and the actual average CAISO SP15 day ahead market prices. In accordance with D.23-06-006, SDG&E has completed its calculation of its weighting factors to be used in its 2025 ERRA Forecast filing, using historical data from the last three full years (2021, 2022, and 2023). This calculation is provided in the file “CONFIDENTIAL SDG&E 2025 ERRA Forecast Energy Index calculation workpaper”.

SDG&E then used the issued on-peak and off-peak forecast energy indexes together with the updated energy factor to calculate the forecasted weighted average price of the energy component of the contract attributes. This price is then multiplied by the forecasted hourly generation for each resource to calculate the expected market value of the PCIA resource generation in 2025. This expected market value represents the amount of CAISO revenue that SDG&E expects to receive for its PCIA resources, including contracted resources and UOG. This amount is presented in Ms. Felan's testimony in Table 8 "PABA revenue requirement," labeled "Supply ISO Revenues." The actual CAISO revenues will be recorded in PABA each month when they are received by SDG&E, and the revenue will partially offset the costs of the PCIA resources.

To calculate the forecast market value of the RA attributes of the resources, each resource is assigned to one of the Local, Flex, or System RA categories, based on the RA category that the resource most commonly serves, and if a resource serves more than one category, Local is assigned first if applicable, then Flex, and then System. The most updated monthly net qualifying capacity ("NQC") listing is obtained from the CAISO website, and an average monthly NQC value for each resource is calculated. The resource's NQC value is then multiplied by the assigned RA benchmark to calculate the forecasted market value of the RA for 2025. Adjustments are made for RA forecasted to be sold during the year. Additional adjustments are made to account for the amount of RA actually expected to be needed for compliance after taking departed load into consideration, if necessary. The resulting forecast market value for contract resources is then included in the ERRA revenue requirement as an expense, as it represents the value of the RA attributes which SDG&E retained to use for the RA compliance obligations on behalf of its bundled customers. The market value associated with UOG resources is excluded from ERRA

1 because the UOG costs are recovered in NGBA, and were previously approved for recovery in  
2 D.19-09-051, which approved SDG&E's 2019 GRC Application (A.17-10-007).

3 D.22-06-050 adopted a 24-hour slice of day ("SOD") approach to RA program  
4 requirements. It is possible that in the future, the PCIA methodology for RA may need to be  
5 changed to accommodate the SOD approach. At the time of this filing, however, no changes to  
6 the PCIA RA methodology for SOD have been discussed in front of the Commission, and  
7 therefore no changes have been approved. SDG&E is therefore making no such changes to the  
8 PCIA methodology for RA in this filing, and the methodology is consistent with prior years'  
9 filings.

10 To calculate the forecasted market value of the REC attributes of the resources, the  
11 applicable REC benchmark is applied to the 2025 forecasted generation expected to provide the  
12 required compliance instruments for SDG&E's bundled customers. The resulting forecasted  
13 market value for contract resources is then included in the ERRA revenue requirement as an  
14 expense, as it represents the value of the REC attributes which SDG&E is forecasting to retain to  
15 use for the Renewable Portfolio Standard ("RPS") compliance obligations on behalf of its bundled  
16 customers. As with the RA value discussed above, the market value associated with RECs from  
17 UOG generation is excluded from ERRA and recovered in NGBA. The total of the REC and RA  
18 market values for contracts is included in Ms. Felan's testimony in Table 1 labeled "ERRA  
19 Revenue Requirement," on line 3 "non-CTC contract costs," and also mentioned in Ms.  
20 Wissman's testimony as part of the "up-to-market" energy procurement costs recovered in ERRA.

21 At the time of this filing, SDG&E is forecasting to have sufficient RECs from its 2025  
22 voluntary allocations to cover RPS obligations, but will continue to monitor the situation. If it  
23 appears that SDG&E will need to utilize a small amount of its previously banked RECs, it will be  
24 included in the October Update to this filing.