Application No.: A.26-05-009
Exhibit No.: SDGE-08
Witness: Sheri Miller/Josh Chasse

PREPARED REBUTTAL TESTIMONY OF

SHERI MILLER AND JOSH CHASSE

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

*****REDACTED – PUBLIC VERSION*****

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

September 9, 2026

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PREPARED REBUTTAL TESTIMONY OF SHERI MILLER AND JOSH CHASSE ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY

I. PURPOSE AND OVERVIEW

The purpose of this testimony is to address the August 19, 2026, Prepared Direct Testimony of Brian Dickman on behalf of San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") (together, the "San Diego CCAs" or "SD CCAs") in the Application for Approval of its 2027 Electric Procurement Revenue Requirement Forecasts, 2027 Electric Sales Forecast, and GHG-Related Forecasts ("Application"). More specifically, this rebuttal testimony elaborates on the following points in response to issues raised in Mr. Dickman's testimony:

- SDG&E is not required to use any specific method to forecast RA sales in its 2027 ERRA Forecast filing;
- SDG&E's method of forecasting RA sales in its 2027 ERRA Forecast filing provides a reasonable estimate;
- SDG&E should continue its method of excluding RA buffer amounts in its forecast filings, because including buffer amounts as Mr. Dickman proposes will result in artificially inflated value of forecasted compliance RA, resulting in undercollections, higher true-ups, and rate volatility;
- SDG&E's RA sales forecast reasonably reflects observed market conditions, including declining actual sales and market demand following implementation of the slice-of-day RA framework;
- SDG&E will update its projected 2026 year-end PABA balance in its October update filing.

SDG&E's failure to address any particular intervenor testimony or individual issue in this rebuttal testimony does not imply agreement by SDG&E with any argument, position, or proposal asserted by the intervenors.

II. THE COMMISSION SHOULD CONTINUE TO ALLOW SDG&E TO DETERMINE THE MOST APPROPRIATE ANNUAL RA SALES FORECAST METHODOLOGY

In his testimony, Mr. Dickman recommends that SDG&E utilize a specific methodology, a percentage of forecasted 'excess' RA, to calculated forecasted 2027 RA sales. The Commission should deny this request, because 1) there is no standing directive requiring SDG&E to use any specific methodology for its forecast RA sales in the ERRA Forecast proceedings, 2) Mr. Dickman's proposed percentage-based methodology would require SDG&E to rely on a simplified proxy assumption rather than current observed market behavior, which – given current and recent market conditions – would be arbitrary, and 3) SDG&E has employed a better methodology available to it that will produce a more accurate forecast under the current circumstances. The method used in the annual forecast filing should be one likely to result in the most accurate forecast, and that may be different from year to year.

For example, a forecast methodology that uses a percentage is useful for years in which the market is undergoing significant change, because historical data may not be indicative of what will happen in the following year. In its 2025 ERRA Forecast, SDG&E's RA sales forecast reflected "the significant uncertainty at this time with regard to 2025 RA"[1], and explained that due to the market fluctuations stemming from the implementation of slice-of-day, SDG&E could not use prior year RA activity to forecast sales, even though it had done so the prior year.

This illustrates why SDG&E should retain flexibility and discretion to select—based on its experience and expertise—the most appropriate forecasting methodology for each forecast year. A percentage-based methodology may be appropriate during periods of significant market transition, when historical data may not reasonably predict future sales. By contrast, once market uncertainty has subsided and recent actual sales better reflect current market conditions, reliance on historical actuals may produce a more accurate forecast.

Mr. Dickman notes in his testimony that in SDG&E's last ERRA Forecast, "SDG&E assumed it would sell 25% of the non-MCAM excess RA in Q1, Q2, and Q4, and 100% of the excess RA in Q3."[2] For its 2027 forecast, SDG&E decided to use historical actuals once again, because recent actuals show that the

[1] 2025 ERRA Forecast testimony J.Elias, page JE-6.

[2] 2027 ERRA Forecast intervenor testimony, B.Dickman, page 16.

RA market has slowed, much of the prior years' uncertainty has resolved, and the prior percentage-based approach is not likely to reflect current buyer demand. However, in its October update filing, SDG&E will revise its forecasted RA sales methodology inputs to include actuals through August.

III. SDG&E'S USE OF HISTORICAL ACTUALS TO FORECAST RA SALES IS APPROPRIATE

Mr. Dickman's testimony states that SDG&E's forecasted 2027 RA sales represent an "understatement" of sales volumes and revenues, and this is a "misalignment"[3] between the 2027 forecast and historical actuals. However, this is not the case; 2026 actual RA sales have been lower than forecasted for the last 22 months, with the exception of 3 months which were slightly higher. SDG&E has experienced decreased RA sales due to less uncertainty in this recent time period, presumably due in significant part to the slice-of-day requirement being fully implemented in January 2025.

California's slice-of-day framework, implemented for the 2025 compliance year, is a regulatory framework requiring load-serving entities to prove they have secured enough electricity capacity to cover grid demand for all 24 hours of the peak day of each month. This radically differs from the former requirement, which only obligated providers to meet a single monthly peak demand milestone plus a fixed planning reserve margin. The slice-of-day framework was introduced to ensure hourly grid reliability as energy storage units shifted the electricity usage landscape. However, this transition caused a temporary spike in resource adequacy prices, because providers were primarily still purchasing whole-month products, not hourly. This mismatch resulted in compliance difficulties and a highly constrained, expensive capacity market. The market has since recovered through a combination of additional capacity, changes to regulations, and market adaptation.

The graph below shows a timeline beginning with a quarter before slice-of-day was implemented, and continuing through July 2026, comparing forecasted to actual RA sales revenues. Actual revenues

[3] 2027 ERRA Forecast intervenor testimony, B.Dickman, page 13.

have been consistently low compared to forecasted, which has resulted in significant undercollections in SDG&E's commodity balancing accounts, suggesting a modification to the prior years' forecasting methodology was warranted. The total variance from October 2024 through July 2026 due solely to lower-than-forecasted RA sales revenues is $188 million, which includes a $50 million undercollection from January through July 2026 alone.

[redacted]

The SD CCAs' proposal appears to assume that because SDG&E may have excess RA available, SDG&E necessarily can sell a larger quantity of RA. That assumption is inconsistent with actual market behavior. SDG&E can offer excess RA into the market, but it cannot compel buyers to purchase capacity that they do not need. Recent declines in actual RA sales indicate that market demand has moderated as the market has adapted to slice-of-day. The moderation in the market that SDG&E has observed also suggests that actuals would serve as a more accurate predictor of 2027 revenues.

Increasing forecasted RA sales above levels supported by recent actual market activity may temporarily reduce the forecasted PCIA, and therefore PCIA rates, but it would also increase the likelihood of higher rates in the future due to true-ups of undercollections if those assumed sales do not materialize.

Such an outcome would not benefit customers because it would simply defer cost recovery and increase rate volatility.

In its 2027 ERRA Forecast, SDG&E recognized an opportunity to decrease rate volatility that is due to overestimating RA sales revenues, and changed its forecast to better fit the actuals being observed. However, SDG&E remains committed to offering all excess RA to the market in an effort to maximize sales revenues and lower rates for customers.

IV. THE COMMISSION SHOULD NOT REQUIRE SDG&E TO INCLUDE AN RA BUFFER AMOUNT IN ITS 2027 ERRA FORECAST

As SDG&E provided in its supplemental response to data request question 3.19[4], it is not necessary to include a buffer amount of RA in its forecast, because the full amount of capacity that SDG&E believes it will need for the coming year's compliance is already included in its forecast. The SD CCAs' recommendation incorrectly assumes that capacity not included in a particular solicitation has been withheld from the market or retained for compliance purposes. That is not the case. SDG&E may sell RA through multiple channels, including solicitations, bilateral negotiations, and broker-facilitated transactions. Capacity not offered in one solicitation may still be available for sale through other market opportunities. In 2027, SDG&E expects to make all RA not used for compliance available for sale—unlike in prior years during the slice-of-day transition period, where SDG&E expected to withhold RA Reserves for contingencies, and therefore included those Reserves in its forecast.[5]

Forecast retained RA should reflect the amount SDG&E expects to use for compliance purposes. It should not include capacity that SDG&E continues to make available for sale and expects may be sold if market demand materializes. If capacity is ultimately needed for compliance, it will be reflected

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[4] 2027 ERRA Forecast intervenor testimony, B.Dickman, page 72.

[5] 2027 ERRA Forecast intervenor testimony, B. Dickman, p. 21 (quoting A.24-05-010, Prepared Rebuttal Testimony of Jimmy Elias, p. JE-4 (Sep. 9, 2024) ["SDG&E defines 'RA Reserves', as 'capacity that is not required to meet its annual and/or monthly RA compliance requirements but it [sic] not offered for sale.'"]).

accordingly for accounting purposes. Any additional volumes added to retained RA would inflate the amount of compliance RA forecasted to be recorded in ERRA. Furthermore, there is no established requirement to include a buffer amount related to RA in the ERRA Forecast.

And again, Mr. Dickman's reliance on SDG&E's prior forecasting assumptions used during the slice-of-day transition period (including SDG&E's forecasted withholding of RA Reserves) also ignores the significant changes that have occurred in the RA market since that time. During the initial implementation of slice-of-day requirements, market participants were adapting to new compliance rules, procurement obligations were evolving, and market prices reflected substantial uncertainty regarding future RA availability and compliance needs. For example, broker indications for September 2025 RA delivery were approximately [redacted] in 2024. By comparison, broker indications used for September 2026 planning were approximately [redacted]. These dramatically different market conditions demonstrate that the assumptions used during the slice-of-day transition reflected a period of unusual uncertainty and scarcity concerns that no longer exist today, and so relying on those same assumptions for the 2027 forecast would be unreasonable. The existence of forecasting assumptions that included RA Reserves in prior ERRA Forecast proceedings does not support Mr. Dickman's proposal to require similar assumptions today. Forecast methodologies should not be frozen in time, as the purpose of this proceeding is to develop the most accurate forecast reasonably possible based on currently available information and expected market conditions. As explained above, actual RA sales and revenues have been below forecasted levels for a consistent period, the market has largely adjusted to the slice-of-day framework, and SDG&E has accumulated significant experience regarding how participants actually transact in the current market. SDG&E approaches its forecast with an attitude of continuous improvement, with a focus on adapting to current conditions and learning from prior outcomes. Forecasting methodologies should evolve when actual experience demonstrates that different assumptions more accurately reflect expected future outcomes.

V. SDG&E WILL PROVIDE AN UPDATED PROJECTED 2026 YEAR-END PABA BALANCE IN ITS OCTOBER UPDATE FILING

SDG&E's October update filing of its 2027 Forecast will include an updated 2026 PABA YE projected balance that includes actuals through August.

VI. CONCLUSION

For the reasons discussed above, SDG&E's RA sales forecast reasonably reflects current market conditions, recent actual sales, and the need to avoid overstating revenues that may not materialize. The Commission should reject the SD CCAs' proposed forecast adjustments and allow SDG&E to continue using the methodology that best reflects the circumstances of each forecast year. This concludes our prepared rebuttal testimony.

VII. QUALIFICATIONS OF SHERI MILLER AND JOSH CHASSE

My name is Sheri Miller. My business address is 8315 Century Park Court, San Diego, CA 92123. I am employed by SDG&E as an Energy Trading Operations & Support Principal in the Settlements & Systems group in the Energy Supply organization. My responsibilities include writing and reviewing ERRA witness testimony and advising on regulatory and legislative matters that impact SDG&E's energy and gas procurement settlements and cost recovery processes.

I joined SDG&E in October 2000, and since that time, I have held various positions at SDG&E including Senior Accountant, Principal Accountant, and Settlements Manager. I have experience with many aspects of SDG&E's accounting processes, including approving the gas and electric commodity invoices and overseeing the reporting processes.

I received a Bachelor of Science degree in Accounting and a Masters of Business Administration from National University. I am also a Certified Public Accountant licensed in the state of California.

I have previously testified before the California Public Utilities Commission.

My name is Josh Chassé. My business address is 8315 Century Park Court, San Diego, CA 92123. I am employed by SDG&E as a Power Origination Senior in the Origination group within the Electric & Fuel Procurement organization.

My responsibilities include leading Integrated Resource Planning and Resource Adequacy procurement solicitations, evaluating and negotiating power purchase agreements, coordinating cross-functional alignment on procurement initiatives, and supporting SDG&E's regulatory, portfolio, and strategic procurement objectives.

I joined SDG&E in 2010, and since that time, I have held various positions in Customer Programs and Origination, though I also spent time working for other organizations, including Shell Energy North America, before returning to SDG&E.

I received a Bachelor's degree in Business Marketing and a Master of Business Administration in Entrepreneurship, both from San Diego State University.

I have previously testified before the California Public Utilities Commission.