AGENDA

Regular Meeting of the Board of Directors of San Diego Community Power (SDCP)

November 19, 2020

5:00 p.m.

Due to the public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20, there will be no location for in-person attendance. SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the SDCP Board of Directors on any agenda item or on a matter not appearing on the agenda, but within the jurisdiction of the Board. **Written public comments or requests to speak during the meeting must be submitted at least one (1) hour before the start of the meeting by using this (web form).** Please indicate whether your comment is on a specific agenda item or a non-agenda item when submitting your comment or requesting to speak. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. Written Comments. All written comments received at least one (1) hour before the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments received after the one (1) hour limit will be collected, sent to the Board members in writing, and be part of the public record.

2. Requests to Speak. Members of the public who have requested to speak at least one (1) hour before the meeting will be recognized at the appropriate time during the meeting. To allow the Chair to call on you, please provide the following minimum information with your request to speak: your name (if attending by videoconference) or telephone number (if attending by phone).

Comments shall be limited to either 400 words, or 3 minutes when speaking. If you have anything that you wish to be distributed to the Board, please provide it via info@sdcommunitypower.org, who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

https://zoom.us/j/98052559963

Telephone (Audio Only)

(669) 900-6833 or (346) 248-7799 | Webinar ID: 980 5255 9963

Call to Order

Pledge of Allegiance

Roll Call

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comments
Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may use the web form noted above to provide a comment or request to speak.

Consent Calendar
All matters are approved by one motion without discussion unless a member of the Board of Directors requests a specific item to be removed from the Consent Agenda for discussion. A member of the public may use the web form noted above to comment on any item on the Consent Calendar.

1. **Approval of the minutes of the Regular Meeting of the Board of Directors of San Diego Community Power held on October 22, 2020.**
2. **Delegate Authority to the Interim CEO to Approve and Pay for Financial Security Requirement upon the CPUC Determining SDCP's Amount.**

REGULAR AGENDA
The following items call for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board is so inclined.

3. **Operations and Administration Report from the Interim Chief Executive Officer**

   Recommendation:
   1. Receive and file update on various operational and administration activities.
   2. Receive and file update on Regulatory Affairs.

4. **Committee Reports**

   Recommendation:
   1. Receive and file update from the Finance and Risk Management Committee.
   2. Receive and file update from the Community Advisory Committee.

5. **Discussion of Near-Term Launch Tasks and Schedule**

   Recommendation: Receive and file near-term launch tasks and schedule driving SDCP operations for the next several months.

6. **Approval of SDCP Product Names**

   Recommendation: Adopt SDCP Product Names.

7. **Approval of Inclusive and Sustainable Workforce Policy**

   Recommendation: Adopt Inclusive and Sustainable Workforce Policy.

Director Comments

Board Members may briefly provide information to other members of the Board and the public, ask questions of staff, request an item to be placed on a future agenda, or report on conferences, events, or activities related to SDCP business. There is to be no discussion or action taken on comments made by Directors unless authorized by law.

Reports by Management and General Counsel

SDCP Management and General Counsel may briefly provide information to the Board and the public. The Board may engage in discussion if the specific subject matter of the report is identified below, but the Board may not take any action other than to place the matter on a future agenda. Otherwise, there is to be no discussion or action taken unless authorized by law.

ADJOURNMENT

Compliance with the Americans with Disabilities Act

SDCP Board of Directors meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (858) 492-6005 or info@sdcommunitypower.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

Availability of Board Documents

Copies of the agenda and agenda packet are available at www.sdcommunitypower.org/board-meetings. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Until SDCP obtains offices, those public records are available for inspection at the City of San Diego Sustainability Department, located at 1200 Third Ave., Suite 1800, San Diego, CA 92101. However, due to the Governor's Executive Orders N-25-20 and N-29-20 and the need for social distancing, that is now suspended and can instead be made available electronically at info@sdcommunitypower.org. The documents may also be posted at the above website. Late-arriving documents received during the meeting are available for review by making an electronic request to the Board Secretary via info@sdcommunitypower.org.

SAN DIEGO COMMUNITY POWER (SDCP)
BOARD OF DIRECTORS
San Diego City Administration Building, 12th Floor
202 "C" Street
San Diego, CA 92101

MINUTES

October 22, 2020

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

The Board minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

CALL TO ORDER

Chair Mosca (Encinitas) called the SDCP Board of Directors meeting to order at 5:07 p.m.

PLEDGE OF ALLEGIANCE

Chair Mosca (Encinitas) led the Pledge of Allegiance.

ROLL CALL

PRESENT: Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Montgomery (San Diego), and Director West (Imperial Beach)

ABSENT: Vice Chair Padilla (Chula Vista) and Director Baber (La Mesa)

Also Present: Interim Chief Executive Officer (CEO) Carnahan, General Counsel Baron, Interim Board Clerk Wiegelman

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no additions or deletions to the agenda.

PUBLIC COMMENTS

There were no public comments.

Consent Calendar

(Items 1 through 3)

1. **Approval of the minutes of the Regular Meetings of the Board of Directors of San Diego Community Power held on August 27, 2020 and September 24, 2020**

   Approved.

2. **Adopt Resolution Designating Authorized Representatives to Sign Checks**

   Resolution No. 2020-07 was adopted.

3. **Approval of Amendment to Contract Services Agreement with Tosdal Law APC**

   Approved.

ACTION: Motioned by Director West (Imperial Beach) and seconded by Alternate Director Humora (La Mesa) to approve Consent Calendar Items 1 through 3. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Montgomery (San Diego), and Director West (Imperial Beach)
No:	None
Abstained:	None
Absent:	None

REGULAR AGENDA

4. **Operations and Administration Report from the Interim Chief Executive Officer**

   Interim CEO Carnahan provided an update on staffing needs and personnel recruitment efforts.

John Dalessi, Pacific Energy Advisors (PEA), provided an update on the status of the various vendor requests for proposals (RFP) and other solicitations and explained SDCP would be filing with the California Public Utilities Commission (CPUC) seeking a waiver of local Resource Adequacy (RA) penalties if SDCP was unable to obtain the remaining RA requirements.

Board questions and comments ensued.

Cody Hooven, City of San Diego Director/Chief Sustainability Officer, provided an update on the policy matrix and staff discussions with San Diego Gas and Electric (SDG&E).

Ty Tosdal, Tosdal APC, provided an update on the CPUC's waiver process, SDG&E's Power Charge Indifference Adjustment (PCIA) Trigger application that would substantially increase the PCIA rate for current CCA customers, SDG&E's Energy Resource Recovery Account (ERRA) forecasting proceedings, Direct Access expansion, and other energy regulatory affairs as they relate to the interests of SDCP.

Board questions and comments continued.

Following Board questions and comments, no action was taken.

5. Update of Amended Organizational Chart and Staffing Plan

Interim CEO Carnahan reviewed the amendments to the Organizational Chart and Staffing Plan and explained the process that was used to determine the most appropriate Organizational Chart and Staffing Plan for SDCP.

Board questions and comments ensued.

Following Board questions and comments, no action was taken.

6. Receive Update and Provide Direction and Authorization Regarding San Diego Community Power Employee Benefits Program

City of Encinitas Human Resource Director Bokosky provided a PowerPoint presentation on the make-up of employee benefit plans and the proposed cafeteria health plan, retirement plan, paid time off, holidays, and other miscellaneous employee benefits.

Board questions and comments ensued.

ACTION: Motioned by Director Montgomery (San Diego) and seconded by Alternate Director McCann (Chula Vista) to authorize the Interim CEO to a) negotiate with employee benefit providers for group health coverage; b) implement a final employee benefit plan; and c) perform ongoing maintenance of the employee benefit plan to accommodate changes in market conditions and benefit laws and regulations. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Montgomery (San Diego), and Director West (Imperial Beach)
No:	None
Abstained:	None
Absent:	None

7. **Approval of CCA Terms and Conditions in Substantive Form**

Program and Policy Coordinator Sarria explained the purpose for and provided a summary of the proposed CCA terms and conditions. Program and Policy Coordinator Sarria explained that the CCA terms and conditions were being approved in substantive form because staff was still working on several pieces of information that would be included in the final terms and conditions, such as the customer service phone number and product names.

Board questions and comments ensued.

ACTION: Motioned by Alternate Director McCann (Chula Vista) and seconded by Director West (Imperial Beach) to adopt the CCA Terms and Conditions in Substantive Form. The motion carried by the following vote:

Vote: 5-0

Yes:	Chair Mosca (Encinitas), Alternate Director McCann (Chula Vista), Alternate Director Humora (La Mesa), Director Montgomery (San Diego), and Director West (Imperial Beach)
No:	None
Abstained:	None
Absent:	None

DIRECTOR COMMENTS

There were no comments.

REPORTS BY MANAGEMENT AND GENERAL COUNSEL

There were no reports.

ADJOURNMENT

Chair Mosca (Encinitas) adjourned the meeting at 6:47 p.m.

Megan Wiegelman, CMC
Interim Board Clerk

SAN DIEGO **COMMUNITY POWER**
Staff Report – Item 2

To: San Diego Community Power Board of Directors

From: Cody Hooven, Director/Chief Sustainability Officer, City of San Diego
Sebastian Sarria, Policy and Program Coordinator, LEAN Energy US

Subject: Delegate Authority to the Interim CEO to Approve and Pay the Financial Security Requirement upon the CPUC Determining SDCP's Amount

Date: November 19, 2020

Recommendation

1. Authorize Interim CEO to execute agreement with San Diego Gas & Electric in satisfaction of the new Financial Security Requirement (FSR) due December 7, subject to General Counsel approval.
2. Appropriate at a minimum $147,000 for the Financial Security Requirement, and authorize the Interim CEO to pay the full, final amount as determined by the CPUC.

Background

In 2018, the California Public Utilities Commission (CPUC) issued Decision 18-05-022 (Decision) which established reentry fees and financial security requirements (FSR) for CCAs. The purpose of the FSR instrument is to cover costs borne by SDG&E in the event of a mass involuntary return of SDCP customers to SDG&E, such as the decertification of SDCP or a CCA failure. SDG&E may only withdraw funds from the financial security instrument for unpaid administrative or procurement costs associated with the return of SDCP customers to the Investor Owned Utilities (IOU). Any withdrawal of those funds must first be approved by the CPUC.

Under the Decision, IOUs, including SDG&E, were required to submit advice letters implementing the financial security requirement. Those advice letters were submitted in August 2018; however, they were suspended by the CPUC until final implementation issues could be resolved. On October 8, 2020, the CPUC adopted the resolution finalizing the implementation of the IOU advice letters and setting the minimum FSR at $147,000. To date, CCAs have been operating under an interim amount of $100,000, which was submitted to the CPUC as part of SDCP's CCA registration process. The FSR can be satisfied in three ways, Letter of Credit, Surety Bond, or Cash Deposit with a 3rd Party Financial Institution Subject to an Escrow Agreement. Of these options, the least cost is Cash Deposit with 3rd Party with an Escrow Agreement.

Analysis and Discussion
In order to meet this new requirement, staff has been in discussions with SDG&E to determine what the exact FSR amount will be. The methodology SDG&E used to calculate the amount due differs from SDCP's calculations, resulting in a much higher amount requested by SDG&E. Staff have requested to discuss the variations in methodology with SDG&E staff, and will also submit our proposed methodology to the CPUC in response to SDG&E's advice letter.

Once this amount is finalized, staff will file all necessary documents to the CPUC for processing and execute an agreement with SDG&E. An initial $100,000 payment was made by CalPine on SDCP's behalf in May 2020. An additional $50,000 was included in the Fiscal Year 2020-2021 budget approved by the Board in June 2020 in anticipation of the balance of this fee being paid.

In the event that the amount is finalized at $147,000, staff will utilize existing funds to pay this amount. If the CPUC disagrees with our methodology and the fee is determined to be higher, staff will need to determine the best course of action.

Since this amount has not yet been finalized but the fee will be due on December 7th, prior to the next Board meeting, staff is seeking approval to delegate authority to approve and make full payment of this fee to the Interim CEO.

Fiscal Impact
The estimated fee of $147,000 is approved within SDCP's FY21 budget (with a portion funded in FY20). The fiscal impact has the potential to increase depended on the outcome of the CPUC decision.

SAN DIEGO **COMMUNITY POWER**
Staff Report – Item 3

To: San Diego Community Power Board of Directors

From: Bill Carnahan, Interim CEO

Subject: Operations and Administration Report from the Interim Chief Executive Officer

Date: November 19, 2020

Recommendation

1. Receive and file update on various operational and administration activities.
2. Receive and file update on Regulatory Affairs.

Analysis and Discussion

Staff will provide regular updates to the Board of Directors regarding San Diego Community Power's (SDCP) organizational development, administration and start-up activities. The following is a brief overview of this month's discussion items, which are informational only.

A) Staffing

Staff are working with Tom Bokosky (Director of Human Resources with the City of Encinitas in a consultative role to SDCP) to recruit and fill various critical staffing roles for SDCP. We are appreciative for Encinitas making him and his staff available to us since we will have a need to bring on key people throughout this budget year and into the next. We will keep the Board posted on our progress. Currently we are targeting an Administrative Assistant, Director of Power Services, and Finance Manager.

B) Administrative Costs/Contracts

Under the delegation of authority to the CEO, additional contracts have or will be executed in support of the organization. A contract has been executed with Dave Kolk to assist in the Power Resources area due to his familiarity with dealing with the Californi Independent System Operator (CalISO) as well as resource planning and contracting.

Another contract is expected to be awarded to a vendor to provide printing and mailing services for customer enrollment notices. Multiple informal requests for proposals have been solicited for this service and a vendor will be selected soon.

With the completion of an internal policy providing sponsorship guidelines, staff have also agreed to sponsor a Community Choice Energy Forum hosted by the Climate Action Campaign on December 4, 2020. This is a regional event that addresses our criteria including target audience and reach. This will be the first event where we use our brand and logo broadly, and staff and the Board will be participating as speakers or moderators.

C) Power Resource Solicitations

Renewable:

Negotiations for short-listed contracts selected through SDCP's first long-term renewables portfolio standard solicitation are still underway and contracts will be presented to the Board as needed in the coming months.

Staff, supported by Pacific Energy Advisors, submitted bids in response to SDG&E's Renewable Energy solicitation on June 22, 2020 for power to fill some of SDCP's initial resource needs. SDCP received notice on August 19, 2020 that our offers were not selected for further consideration by SDG&E. Staff have reached out to SDG&E to seek feedback on why SDCP's offers were rejected, and SDG&E staff have since agreed to entertain bilateral discussions on procurement. In a meeting on October 15, 2020 SDG&E proposed a schedule for bilateral dicussions beginning immediately, anticipated filing to the California Public Utilities Commission (CPUC) in February, and power deliveries commencing in June. This timeline is tentative and dependent on various items including CPUC approval and agreement between the parties. ~~Staff~~ are reviewing a master agreement and still awaiting further steps from SDG&E.

Resource Adequacy:

As of now, SDCP has contracted for about 94% of its RA obligations due on November 2nd. Per discussion at the last Board meeting, SDCP filed a request with the CPUC seeking a waiver of local RA penalties for the remaining 4%, consistent with CPUC rules that allow for penalty waivers when good faith efforts to procure local RA yield insufficient supply. Waivers are not available for deficiencies in system RA, and uncured deficiencies are subject to penalties from the CPUC. SDCP will continue procurement efforts as necessary to cure any deficiencies that may exist. SDCP's ability to comply with RA requirements is subject to availability constraints in the San Diego area market.

D) Update on 2020 Policy Matrix

Interim SDCP staff and consultants continue to work on start-up policy items as time permits and as directed by the Board. These policies range from operational to customer-based to financial. An updated schedule of planned policies is attached for reference (Attachment A) and will evolve as items are completed or new items are contemplated. Staff will present two items for Board approval as part of this agenda. An additional internal policy item was recently developed to provide guidance to staff. In FY21, $25,000 was budgeted for sponsorships but staff felt the need to create guidance to use when determining which events to sponsor. A series of criteria were created addressing audience size, diversity of audience, timing of event, etc. Civilian, our marketing partner, as well as the Community Advisory Committee contributed to the policy.

E) Other Discussions with San Diego Gas & Electric (SDG&E)

SDCP and CalPine continue to revise the details customer phasingwith SDG&E, discussed in weekly meetings. There have been several iterations of this information between SDG&E and the SDCP team based on new information or discussion each week such as accounts to be excluded, when to enroll Net Energy Metering accounts, etc. SDCP staff continue to reinforce the need for timely agreement, in writing, on this issue. Staff are drafting an outline of an agreement based on discussions with SDG&E. These weekly meetings are a touch-point opportunity to bring up various other items with SDG&E, and determine which staff at SDG&E need to be addressed for various issues.

F) Regulatory Affairs

The CPUC has broad regulatory authority over the energy sector in California, including partial jurisdiction over CCA programs. SDCP and other CCA programs are regularly affected by CPUC decisions regarding power resources, rates, financial obligations and data retention among other things. SDCP continues to engage in regulatory matters in order to establish a position on key issues and/or provide input on various decisions or actions being considered by the PUC.

This month's regulatory update (Attachment B) includes CPUC proceedings that are currently active and will have an impact on SDCP. This is not an exhaustive list. Staff and Tosdal, APC will continue to monitor or engage in these proceedings and other regulatory activities as needed to ensure SDCP's interests are represented. Staff from Tosdal, APC will be available at the Board meeting to provide an overview of key actions and proceedings.

Attachments

Attachment A: Updated SDCP Policy Matrix
Attachment B: Tosdal APC Energy Regulatory Update

San Diego Community Power
2020 Policy Matrix

Purpose:

This matrix reflects the broader Implementation Timeline while focusing on an abbreviated overview of the policies staff is working on through 2020.

Notes:

1. Policies listed below are drawn from the most recent Implementation Timeline adopted at the January 30th Board of Directors meeting and 11 California CCAs[1]
2. Policies are intended to guide SDCP operations and procedures rather than set future or aspirational goals.
3. SDCP may wish to consider blending (or bundling) specific policies within general policy categories to reduce the number of individual policies it manages. It may also update completed policies or consider additional policies not included here as its program develops and operational needs evolve.

POLICY CATEGORY/SUBJECT	DESCRIPTION	2020 TIMING/STATUS
ADMINISTRATIVE & OPERATIONS		
SDCP Conflict of Interest Code	Standard C of I policy for seated Board members and relevant SDCP staff members.	DONE
CEO Spending Authority	Authorizes CEO signing authority without prior Board approval; SDCP may consider two policies – one for operational contracts and one for power supply contracts. Describes Board reporting requirements.	DONE
Delegation of Authority to CEO for Regulatory and Legislative Matters	Authorizes CEO to respond timely to requests for regulatory and legislative action that directly impact CCA and SDCP operations. Includes Board reporting requirement.	DONE
Enterprise Risk Management	Describes how operational/business risk is determined and mitigated; may also include energy risk management as a component.	DONE (Energy Risk)
Agency Vendor and Contracting Practices	Describes procurement/vendor contracting guidelines including but not limited to: issuance of RFPs and bid evaluation, local hire, diversity, sustainable and ethical vendor preferences, signing authorities, reporting etc.	DONE (addresses professional services)
Records Retention; Public Access	Compliant with state and federal law, the length of time records of various types will be retained and/or discarded; includes guidelines for public access to SDCP records.	DONE
Information Technology Security	Policies and standards developed by IT security team to manage regulatory compliance, ensure proper staff training and customer satisfaction and minimize legal and criminal risk related to data and information breach. Could also include the AMI data policy described below.	Q4 (In process)
Social Media	Describes purpose of using these channels and defines rights/reasons for comment or post removals.	Q4 (In process)
JPA Expansion/New Members	Considerations when exploring program expansion to areas outside original service area and method of approving new JPA members.	Q4+
Process for Amending/Adopting Agency Policies and JPA Agreement Amendments	Procedures to review/adopt new or amend Agency policies and JPA Amendments. This could also be part of the bylaws.	Q4
PERSONNEL/WORKFORCE		

[1] *Clean Power Alliance, Clean Power SF, East Bay Community Energy, Monterey Bay Community Energy, MCE Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, San Jose Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, Valley Clean Energy.*

Employee Handbook/Personnel Policies	Describes all legally required elements of an employee policy including fair employment practices, non- discrimination, standard business hours, paid and personal time off, holidays, sick leave, etc.	Q3 (In process – Handbook DONE in Sept 2020, Benefits presented Oct 2020)
Other Personnel Policies: Travel and expense reimbursement, laptop/cell phone usage, work from home, etc.	Could be included in the employee handbook or handled as separate policies.	Q3 (In process)
Inclusive and Sustainable Workforce Policy	Describes SDCP goals and requirements related to sustainable workforce practices, local hire preferences, livable wages, union engagement/project labor agreements, gender and ethnic diversity, etc.	Q3 (In process)
CUSTOMER AND COMMUNITY		
Prohibition Against Dissemination of Untrue or Misleading Information	Prohibits dissemination, by SDCP or other organization, of SDCP rates, terms and conditions of service, or other operational elements that are untrue or misleading.	Q4+
Customer Data Confidentiality	How customer data is to be treated and how to deal with any privacy or security breaches. States that personal customer shall not be shared unless necessary to conduct specific Agency business. Ensures the privacy and security of Advance Metering Infrastructure (AMI) data and customer usage information pursuant to Attachment B of the California Public Utilities Commission Decision 12-08-045.	Q4 (In process)
Terms and Conditions of Service	Publicly posted customer service policy that provides information on rates, billing, enrollment process, opting out, opting in and failure to pay. If applicable; articulates process for customers who wish to voluntarily enroll in the 100% renewable product in an earlier phase than otherwise scheduled.	Q3 (In process)
Customer Billing, Enrollment, Delinquent Accounts and Collections	Outlines procedures for customer billing and enrollments, physical address changes, and handling customer accounts that are past due.	Q4
FINANCIAL POLICIES		
Budget Policy	Describes process, reporting and principals for a balanced annual budget and its oversight.	Q1-2 2021 (prior to fiscal year end)
Rate Setting Procedures	Describes rate setting principals, goals and general process.	Q4/Q1 2021
Bad Debt	A set percentage revenue reserve to cover bad debt; usually reviewed annually. Could be included in general budget policy.	Q1-2 2021 (prior to fiscal year end)
Reserve Policy	Budgeting policy to allow for long-term financial stability, accounts receivable reserves, debt reduction and/or funding of new programs and projects.	Q2 2021
Signatories on SDCP checks and financial documents	Describes who is authorized to sign checks and legally binding financial documents on behalf of the Agency; could be part of the budget and finance policy.	DONE
Investment Policy	If needed; provides guidelines to consider Agency investments in real property or other investment vehicles.	Q1-2 2021 (prior to fiscal year end)
Sponsorship Guidelines	Provides guidance to staff when determining which events to sponsor.	Q3 (DONE)
POWER SUPPLY		
Energy Risk Management Policy/ Procedures and	Developed in partnership with power services vendor; Describes energy market strategy and processes to regularly monitor, report and	DONE

Controls for Supply Management and Transactions	manage risk such as credit, liquidity and market risk. Outlines participation in CAISO markets and monitoring transactions. Provides general overview of procurement approach, criteria and practices including open season RFOs and signing authorities. Could also be part of the overall energy risk management policy.	
Evaluation Criteria	**NEW** – Describes how proposals for power will be evaluated for selection.	Q3-4 (In process)
Power Content Guidelines	Provides description of renewable and carbon free content targets as well as types of power that may or may not be procured by SDCP	Done
Net Energy Metering Policy	Describes NEM rates, credits and participation process for NEM customers.	Q4 (In process)
Feed in Tariff	**NEW** – Describes a feed in tariff rate structure and participation process.	Q4 (In process)

TOSDAL
ENERGY & ENVIRONMENTAL LAW

ENERGY REGULATORY UPDATE

To: Bill Carnahan, Interim Executive Officer, San Diego Community Power

From: Ty Tosdal, Regulatory Counsel, Tosdal APC

Re: Energy Regulatory Update

Date: November 17, 2020

The energy regulatory update summarizes important decisions, orders, notices and other developments that have occurred at the California Public Utilities Commission ("Commission") and that may affect San Diego Community Power ("SDCP"). The summary presented here describes high priority developments and is not an exhaustive list of the regulatory proceedings that are currently being monitored or the subject of active engagement by SDCP. In addition to the proceedings discussed below, Tosdal APC monitors a number of other regulatory proceedings as well as related activity by San Diego Gas & Electric ("SDG&E") and other Investor-Owned Utilities ("IOUs").

1. SDG&E PCIA Trigger Application (A. 20-07-009)

SDG&E submitted its Opening Brief to the CPUC on October 20, 2020 in which it proposed to recover the $8.92 million PCIA undercollection through PCIA rates and to simultaneously refund that amount (~$0.46 per month) to bundled customers (who paid for the undercollection through their 2020 rates) over a <u>6-month</u> amortization period beginning January 1, 2021. SDG&E also claims that accounting and system constraints make it "nearly impossible" to provide refunds to customers who depart to CCA or DA service during that amortization period. To overcome this, SDG&E proposed to require customers to give up their remaining share of the refund after they depart.

SDCP, CEA and SEA submitted a joint Opening Brief on October 20, 2020 which requests that the Commission adopt a 36-month amortization period in order to reduce the SEA customers' PCIA rate spike from 120% under SDG&E's proposal to 20%. The San Diego CCA Programs and CalCCA argue that SDG&E's refund forfeiture proposal would shift costs to SDCP and CEA customers and discriminate against customers who choose to depart SDG&E for CCA service. The joint Opening Brief provided several proposed workarounds that could allow customers to keep their refund over a longer amortization period.

A joint Reply Brief was subsequently submitted on October 30, 2020 in which the San Diego CCA Programs showed that SDG&E's Opening Brief failed to demonstrate why the Commission should not adopt a 36-month amortization period. Copies of the joint Opening Brief and joint Reply Brief are included in Attachment A. SDG&E's Reply Brief indicates a willingness to support a 12-month amortization period and adopt the San Diego CCA Programs' proposal to issue CAPBA refunds as a discount to the 2020 PCIA vintage instead of requiring customers to forfeit their due refund if they depart during the amortization period.

A Proposed Decision was issued by the Public Utilities Commission on November 13, 2020, approving a 12-month amortization period and an equal-cents per kWh allocation methodology for the $8.92 million CAPBA balance. Adoption of the amortization period and allocation methodology will result in a 1.9 cent increase in the PCIA for departing load customers next year, increasing bills for residential customers by $7.50 to $9.50 per month. The Proposed Decision does not address SDG&E's proposal that customers forfeit the refund owed to them for the PCIA overcollection that will be refunded to bundled customers who depart mid-year for CCA service. That issue will be addressed in SDG&E's ERRA Forecast proceeding. The Proposed Decision can be found in Attachment A.

2. SDG&E ERRA Forecast Proceeding (A. 20-04-014)

Counsel for SDCP and CEA submitted to the CPUC a joint Reply Brief on October 23, 2020 which responds to SDG&E's Opening Brief and reiterates the requests made in the joint Opening Brief. The joint Opening Brief is included in Attachment A. SDG&E also submitted a Reply Brief acknowledging SDCP and CEA's requests. SDG&E stated that it will adopt SDCP and CEA's proposal to provide more detailed information regarding actual and forecasted PABA balances. Additionally, SDG&E addressed the $84.5 million mistake pointed out by SDCP and CEA, and stated that it would correct the miscalculation in its November Update. Finally, SDG&E acknowledged that it has been improperly calculating the weighted average cost of its Green Tariff Shared Renewables (GTSR) program portfolio, which has resulted in artificially lower prices. SDG&E states that it will update the costs and include the corresponding reduction to the PABA in its November Update.

More importantly, SDG&E submitted its November Update on November 6, 2020 in which SDG&E revised proposed bundled customer rates and PCIA rates. SDG&E's November Update projects a total bundled customer rate decrease of $334.173 million. Current system average bundled rates would decrease by 2.96 cents per kWh, or 12.35% compared to currently effective rates. The magnitude of this decrease is due, in part, to SDG&E's use of 2019 forecast sales to calculate bundled customer rates without accounting for 2021 CCA departures. Failure to reduce the forecast sales by the amount of anticipated departed load will result in artificially low bundled customer rates in 2021 and pose a competitive disadvantage to SDCP. Comments on the Update are currently being prepared.

3. Arrearage Management Payment Plan (AMP) (R. 18-07-005)

The Arrearage Management Payment plan (AMP) is one of several new policies and programs introduced by Decision 20-06-003-Disconnections and Reconnections. AMP, which will be administered by the IOUs, intends to be a valuable tool in assisting low-income residential customers to eliminate unmanageable arrears and incentivize timely payments.

The AMP is an arrearage forgiveness program whereby enrolled customers have 1/12 of their arrearage forgiven after each on-time payment. Eligible customers include those in the CARE/FERA programs with an arrearage of at least $500 for 90 days or more. SDCP is required to notify SDG&E if they intend to participate in AMP by submitting a letter at least 60 days prior to their intended start date of participation in AMP. SDG&E's Advice Letter 3602-E-Implementation of AMP, filed in September 2020, estimates the number of eligible AMP customers in SDG&E territory is between 20,000 and 25,000 customers. It can be assumed this number will continue to rise as COVID-19 continues to have detrimental effect on our economy.

In its response to CalCCA's protest to AL 3602-E, SDG&E states that it intends to remit amounts recovered for forgiven generation-related arrears to the CCAs on a monthly basis after those costs are recovered in CPUC-approved rates. SDG&E will request recovery of those costs in its annual Public Purpose Programs filing by October 1 of each year. After receiving Commission approval for recovery, SDG&E will implement the costs into PPP rates as of January 1 of the following year. As SDG&E recovers AMP costs—including costs related to forgiven generation-related arrears—in its PPP rates, the CCAs will receive their portion on a monthly basis, consistent with how SDG&E will be collecting those costs from customers through rates. SDG&E AL 3602-E and SDG&E's Reply to CalCCA's Protest can be found in Attachment A.

Due to the launch of SDG&E's new Customer Information System, the utility will need to provide AMP data to CCAs via manual spreadsheets until at least April 2021. SDG&E has only committed to providing AMP participation and payment data to CCAs on an ad-hoc basis. The Commission Decision does not require IOUs to provide AMP account-specific data on an ongoing basis, but SDG&E states they will work with the CCAs to provide data the CCAs feel is necessary to facilitate customers into AMP and provide ongoing support. Participation in the AMP is a valuable benefit to assist SDCP's low-income customers in Communities of Concern, declining to do so would result in foregoing revenue from PPP.

4. Financial Security Requirements for CCAs (R. 03-10-003)

The Financial Security Requirement for CCAs (FSR) of $100,000 was established in 2007 as an interim measure until the Commission adopted D.18-05-022 establishing Reentry Fees and Financial Security Requirements for CCA programs. FSRs are required to cover the utility's administrative and incremental procurement costs in the event of an involuntary return of customers.

The FSR is now a minimum of $147,000. Pursuant to Resolution 5059-E, SDCP must post their new financial security instruments, and submit an Advice Letter with the financial instrument as proof of compliance, to the CPUC by December 8, 2020. Letters of credit, surety bonds or cash held by a third-party are acceptable instruments to satisfy the FSR. Any interim financial security bond posted with the Commission will be returned when the CCA complies with the financial security requirements of D.18-05-022 and Resolution E-5059. A sample escrow agreement and credit and surety bond templates have been provided to SDCP's interim CEO.

The FSR will be updated twice per year (May and November) if the change in calculated amount is 10 percent or more. SDG&E filed Advice Letter 3540-E Update of CCA FSRs in May 2020 which includes the formula by which CCAs should calculate their new FSR amount. AL 3540-E, in which SDCP's FSR Calculation Sheet is on page 8, is in Attachment A.

Attachment A

STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

FILED
11/13/20
09:20 AM

November 13, 2020

Agenda ID #18972
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 20-07-009:

This is the proposed decision of Administrative Law Judge Glegola. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 17, 2020 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON
Anne E. Simon
Chief Administrative Law Judge

AES:mph
Attachment

ALJ/TJG/mph **PROPOSED DECISION** **Agenda ID #18972**
Ratesetting

Decision **PROPOSED DECISION OF ALJ GLEGOLA (Mailed 11/13/2020)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009

DECISION REGARDING POWER CHARGE INDIFFERENCE ADJUSTMENT TRIGGER APPPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY

Summary

This decision approves, with modifications, the application of San Diego Gas & Electric Company (SDG&E) to temporarily increase its Power Charge Indifference Adjustment (PCIA) rates on departing load customers over twelve months, beginning January 1, 2021, to account for an estimated undercollection of $8.92 million. Decision 18-10-019 requires investor-owned utilities to file a PCIA trigger application when a PCIA undercollection balancing account reaches seven percent and the utility forecasts that the undercollection will reach ten percent.

This decision directs SDG&E to amortize the undercollection over twelve months using an equal cents per kWh allocation, to reduce the balance in the undercollection balancing account (CAPBA) to zero percent. Over the twelve-month amortization period, the CAPBA trigger will add 1.9¢/kwh to the PCIA

rate, and monthly bills for the average residential departing load customer in SDG&E's service territory will increase by roughly $7.50 to $9.50 per month, depending on usage.

This proceeding is closed.

1. Background

On July 10, 2020, San Diego Gas & Electric Company (SDG&E) filed an application to address an undercollection in its Power Charge Indifference Adjustment (PCIA) rate. SDG&E seeks the Commission's authorization to increase PCIA rates for its departing load customers,[1] and simultaneously decrease bundled customer rates.[2] PCIA is the rate intended to equalize cost sharing between departing load and bundled load customers, as required by statute.

Notice of the application appeared on the Commission's Daily Calendar on July 14, 2020. The following parties to this proceeding filed protests or responses to the application:

- California Alliance for Community Energy;
- San Diego Community Power, Solana Energy Alliance and Clean Energy Alliance (jointly);
- Direct Access Customer Coalition and the Alliance for Retail Energy Markets (jointly);
- California Community Choice Association;
- Public Advocates Office; and

[1] Departing load customers are customers who only receive electric utility distribution company (UDC) services from SDG&E. Departing Load customers include Direct Access, Community Choice Aggregation, and Green Tariff Shared Renewables customers.

[2] Bundled customers are customers who receive bundled electric service from SDG&E, meaning they receive electric generation and UDC services. Most of SDG&E's customers are bundled customers. (Application at footnote 2.)

- Shell Energy North America.

A prehearing conference (PHC) was held on August 27, 2020, to discuss the issues of law and fact and determine the need for hearings and the schedule for resolving this proceeding.

2. Jurisdiction and Commission Rules

Pub. Util. Code Section 365.2 provides that:

> The commission shall ensure that bundled retail customers of an electrical corporation do not experience any cost increases as a result of retail customers of an electrical corporation electing to receive service from other providers. The commission shall also ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.

Pub. Util. Code Section 366.3 provides that:

> Bundled retail customers of an electrical corporation shall not experience any cost increase as a result of the implementation of a community choice aggregator program. The commission shall also ensure that departing load does not experience any cost increases as a result of an allocation of costs that were not incurred on behalf of the departing load.

Decision (D.) 18-10-019 established a trigger mechanism to avoid excessive undercollections for a utility's PCIA undercollection balancing account (CAPBA).[3] D. 18-10-019 also requires Pacific Gas and Electric Company, Southern California Edison Company, and SDG&E (collectively, the investor-owned utilities or IOUs) to file a PCIA trigger application for the Commission's approval when the recorded monthly PCIA balance undercollection reaches

[3] Note that SDG&E refers to this account as CAPBA while Southern California Edison and Pacific Gas & Electric refer to the account as PUBA.

seven percent and the IOU forecasts that the balance will reach the 10 percent PCIA trigger threshold. D. 18-10-019 requires that the PCIA trigger application propose a revised PCIA rate that will bring the projected CAPBA balance below seven percent and maintain the balance below that level until January 1 of the following year. At that point, the PCIA rate adopted in the IOUs' annual Energy Resource Recovery Account forecast proceeding is anticipated to take effect.

3. Application

In its application, SDG&E states that its CAPBA balance through April 30, 2020 is undercollected by $2.22 million, or 7.9 percent, and that the company does not expect the undercollection to self-correct below the seven percent trigger point within 120 days of April 30, 2020. SDG&E reports that its CAPBA undercollection exceeded the 10 percent trigger threshold on May 31, 2020, and in its reply briefs writes that its undercollection reached $5.49 million as of August 31, 2020. SDG&E projects the undercollection to reach $8.92 million as of December 31, 2020. SDG&E requests authorization to collect $8.92 million in revenue from departing load customers, thereby reducing the CAPBA balance to zero, and to refund that amount to bundled customers. SDG&E proposes to amortize this amount over three months, beginning on October 1, 2020, and ending December 31, 2020. SDG&E offers two proposals to achieve this.

SDG&E's asserts that the CAPBA undercollection relates to the $0.005/kWh PCIA rate cap for each resource vintage established in D. 18-10-019 , and results in bundled customers funding the revenue shortfall of departing load customers. For 2020, the departing load customers' forecast of PCIA revenues is $28 million. The primary cause of the current undercollection is that the PCIA rates approved in SDG&E's 2020 ERRA Forecast Application do not reflect the recovery of the entire forecasted Departing Load PCIA revenues of $28 million due to the $0.005/kWh PCIA rate cap.[4]

SDG&E presents two cost recovery proposals. SDG&E's initial proposal seeks to increase PCIA rates for its departing load customers using the existing allocation applied for the PCIA common template – *i.e.*, using the generation revenue allocation factors. Using generation revenue allocation factors, a typical residential departing load customer in the 2015 PCIA vintage using 400 kWh per month could see a bill increase of approximately $187 (from $13 to $200) from the PCIA charge for the 3-month period October, November and December 2020. SDG&E's alternative proposal seeks to increase PCIA rates for its departing load customers using an equal cents per kWh vintage rate, regardless of customer class. Using an equal cents per kWh vintage rate, a typical residential departing load customer in the 2015 PCIA vintage using 400 kWh per month could see a bill increase of approximately $30 (from $13 to $43) for the three-month period of October 2020 through December 2020.

---

[4] SDG&E lowered the PABA revenue requirement by the amount of the fully calculated system PCIA cap amount to recalculate PCIA rates to be below the system cap, then used the approved generation revenue allocation factors to recalculate PCIA rates. Thus, departing load customers system average vintage PCIA rate did not exceed the half a cent cap.

However, as a result of this methodology, all customer class rates 2009 and later received lower rates due to the lower vintage revenues—including vintages that would not have otherwise reached the cap. Additionally, because of the use of this methodology, the use of class rates and vintage class determinants will not calculate the exact revenues that the system does because the rates are not the same – *i.e.*, the residential class rate would be different than the system average rate.

SDG&E will update its capping mechanism methodology to match that of SCE and PG&E in its 2021 ERRA November Update Filing if the PCIA rates are capped to isolate the undercollection to a specific vintage.

4. Issues Before the Commission

The Scoping Memo and Ruling determined the issues before the Commission are as follows:

- Is there an undercollection of SDG&E's CAPBA and, if so, in what amount?
- Does the application meet the standards set out in D. 18-10-019?
- Is SDG&E's request just, reasonable, and consistent with Commission decisions and rules?
- Should the Commission authorize SDG&E to obtain $8.92 million, or a different amount, from Departing Load customers and refund this amount to bundled customers?
- Should the Commission approve SDG&E's three-month cost recovery proposal, its alternative cost recovery proposal, or some other proposal? Are there reasons the Commission cannot amortize the rate increase over a period shorter or longer than three months?

5. Parties' Positions

Parties opposing the application do not dispute that SDG&E's CAPBA undercollection exceeds the seven percent threshold, nor whether the application complies with D. 18-10-019, though the California Alliance for Community Energy argues the trigger mechanism methodology adopted in D. 18-10-019 is ill-designed and leads to an unreasonable rate shock for departing load customers. The key disagreement among parties is over the length of the amortization period for SDG&E to collect revenue that brings its CAPBA undercollection below the seven percent threshold, with SDG&E requesting a shorter cost recovery period to reduce the need for additional trigger applications, and other parties calling for longer amortization periods to reduce rate shock for departing load customers.

In its application, SDG&E proposed a three-month amortization period from October 2020 through December 2020. In its opening brief, SDG&E proposes a six-month amortization period beginning January 1, 2021. In its reply brief, Shell Energy North America and California Alliance for Community Energy support allowing SDG&E to recover the undercollected CAPBA revenue over a 12-month period, at a minimum, beginning January 1, 2021. AReM/DACC recommends adopting an amortization period of no less than 24 months, which would lead to roughly a 0.95¢/kWh increase in PCIA rates. San Diego Community Power, Solana Energy Alliance and Clean Energy Alliance ask the Commission to adopt a 36-month amortization period relying on an equal-cents-per-kWh allocation.

Parties opposing the application assert that while the projected CAPBA balance must be reduced to below seven percent, the balance does not need to be reduced to zero, with most asserting that SDG&E's proposals are not just and reasonable, as both lead to high increases in rates.

6. Discussion and Analysis

In this decision we balance the statutory requirement of ensuring that bundled load customers do not subsidize service for departing load customers (and vice versa) with a community choice aggregator's need for market stability (and the goal of reducing rate shock for its customers). We find that there is a $5.49 million undercollection of SDG&E's CAPBA as of August 31, 2020, which is expected to reach $8.92 million by December 31, 2020, and note that no party disputes SDG&E's calculations. Further, we find that SDG&E complied with D. 18-10-019 by submitting an estimate using an approved methodology that would bring the undercollection to below seven percent by January 1, 2021.

We agree with parties that both alternatives proposed by SDG&E in its application will cause rate shock for departing load customers in SDG&E's service territory. Increasing monthly electricity bills by $30 a month, even temporarily, is excessive given the current economic climate, while increasing bills by $187 a month, again, even just for three months, is beyond excessive. Thus, we find both proposals in SDG&E's application are not just or reasonable.

We attempt to balance multiple goals here: minimizing rate shock for departing load customers, providing fair returns to bundled customers, and avoiding the need for another PCIA trigger application early in 2021. Like the other parties, we disagree with SDG&E that the revenue recovery period must be within the same Calendar Year. While the optimal amortization period for SDG&E may have been three months in Calendar Year 2020, and SDG&E is correct that D. 18-10-019 requires it to *propose* a rate structure that brings its undercollection to under seven percent by January 1 of 2021, D.18-10-019 does not require the Commission to adopt that proposal without modifications. However, we agree with SDG&E that only reducing its undercollection to just under the trigger point of seven percent increases the risk of more trigger applications in 2021 and following years, as does an overly lengthy revenue recovery period. We acknowledge California Alliance for Community Energy's point that the Commission may need to revisit the trigger mechanism methodology adopted in D. 18-10-019, but that is not in the scope of this proceeding.

Bearing in mind both the findings and goals discussed above, and the specific facts in this case, we authorize SDG&E to recover the full undercollection amount, relying on the same equal-cents-per-kWh allocation, amortized over twelve months, beginning on January 1, 2021 and ending on December 31, 2021.

This would lead to an a 1.9¢/kWh increase in the PCIA. Over the twelve-month amortization period, monthly bills for the average residential departing load customer in SDG&E's service territory will increase by roughly $7.50 per month, for those customers using 400 kWh per month, and by roughly $9.50 per month for those using 500 kWh per month. While we recognize that this monthly increase is still noticeable for departing load customers, on balance we believe it is a preferable outcome to any other alternative proposed in the record, as it reduces over time, the amount that bundled load customer rates are subsidizing departing load customer service, it reduces the risk of multiple trigger applications from SDG&E in the future, and it accomplishes both at a rate increase that is significantly less than either increase proposed in SDG&E's application.

In this decision we do not rule on SDG&E's argument, made in its reply briefs, that the Commission should require departing customers leaving SDG&E in the middle of 2021 to forgo a refund,[5] as we do not find that is in the scope of this proceeding, but instead better suited for SDG&E ERRA forecast proceeding. For similar reasons, we also do not adopt SDG&E's proposal for a one-time transfer of the CAPBA overcollection due to bundled customers into the 2020 vintage of PABA.

---

[5] *See* SDG&E Reply Briefs at 24:

…SDG&E is willing to support a 12-month amortization period provided that: (1) the Commission agree that the benefit of an extended 12-month amortization period is just and reasonable and outweighs the nominal amount of bundled overcollection that departing customers would forgo, or (2) the Commission adopts SDG&E's proposal for a one-time transfer of the CAPBA overcollection due to Bundled customers into the 2020 vintage of PABA.

7. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Glegola 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. Comments were filed on ______________________, and reply comments were filed on _________________________ by _______________________________.

8. Assignment of Proceeding

Martha Guzman Aceves is the assigned Commissioner and Thomas J. Glegola is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. SDG&E's CAPBA undercollection exceeds the seven percent threshold established in D. 18-10-019.
2. SDG&E's proposed amortization period of three months for its CAPBA undercollection will result in rate shock to departing load customers.
3. A twelve-month amortization period for SDG&E's CAPBA undercollection will reduce rate shock.

Conclusions of Law

1. Pub. Util. Code Section 365.2 and Pub. Util. Code Section 366.3 requires the
2. Commission to ensure that bundled rate customers and departing load customers pay only for costs related to their service.
3. The Commission may adopt a CAPBA undercollection recovery period
4. over multiple years.
5. This application complies with D. 18-10-019.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to collect $8.92 million in Power Charge Indifference Adjustment from departing load customers, amortized over twelve months, beginning January 1, 2021, to account for an estimated undercollection of $8.92 million.
2. San Diego Gas & Electric Company shall increase its Power Charge Indifference Adjustment rate by 1.9¢/kWh.
3. By December 31, 2020, San Diego GAS & Electric Company shall file with the Commission's Energy Division a Tier 1 Advice Letter containing the new rates.
4. Application 20-07-009 is closed.

This order is effective today.

Dated ____________________________, at San Francisco, California

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

Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed on July 10, 2020)

**JOINT OPENING BRIEF OF
SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE,
SOLANA ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE
ASSOCIATION**

Ty Tosdal
Tosdal APC
777 South Highway 101, Suite 215
Solana Beach, CA 92075
Telephone: (858) 252-6416
E-mail: ty@tosdalapc.com

Attorney for:
San Diego Community Power
Clean Energy Alliance
Solana Energy Alliance

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
E-mail: regulatory@cal-cca.org

October 20, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed on July 10, 2020)

JOINT OPENING BRIEF OF
SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE,
SOLANA ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the October 7, 2020 Scoping Memo and Ruling setting the schedule in this proceeding, San Diego Community Power ("SDCP"), Clean Energy Alliance ("CEA"), Solana Energy Alliance ("SEA"), (collectively, the "San Diego CCA Programs"), and the California Community Choice Association ("CalCCA"), hereby submit this Joint Opening Brief regarding San Diego Gas & Electric Company's ("SDG&E") *Expedited Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism,* submitted on July 10, 2020 ("Application") in which SDG&E proposes to increase the Power Charge Indifference Adjustment ("PCIA") to recover $8.92 million balance in its PCIA undercollection balancing account ("CAPBA") from departing load customers over the course of three months.[1]

I. INTRODUCTION

The Commission should not approve SDG&E's three-month cost recovery proposal and should instead require SDG&E to amortize the PCIA rate increase over 36 months to minimize

---

[1] *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, Application ("A.") 20-07-009, filed July 10, 2020, at 2.

rate shock to current departing load customers. SDG&E's proposal to bring its $8.92 million CAPBA balance down to zero before the end of Calendar Year 2020 would cause substantial rate escalation, counter to the intent of Decision ("D.") 18-10-019, which established the cap and trigger mechanism for PCIA increases that reach certain thresholds.[2] An amortization period extended over 36 months, however, would allow SDG&E to fully recover the CAPBA balance while providing a reasonable cushion to departing load customers. SDG&E suggests that an extended amortization period may be feasible under the condition that customers who depart in 2021 agree to forfeit their CAPBA refund, which SDG&E says it is unable to implement due to billing system constraints. SDG&E has not met the burden of proof and failed to demonstrate why its billing system cannot accommodate a longer amortization period and a full implementation of the CAPBA refund.

II. BACKGROUND

The Commission revised the methodology used to calculate the PCIA in Rulemaking ("R.") 17-06-026, resulting in D. 18-10-019. That decision adopted a cap on the annual change in the PCIA rate and required the investor-owned utilities ("IOU") to establish an interest-bearing balancing account to track the obligations of departing load customers in the event the cap is reached.[3] By adopting the PCIA rate cap, the Commission intended to protect against volatility in the PCIA and promote certainty and stability for all customers by limiting annual PCIA changes.[4] The Commission concluded that, since revenue shortfalls tracked in the CAPBA are to be repaid to bundled customers with interest, capping annual increases in the PCIA does not violate the cost-

[2] Decision ("D.") 18-10-019, *Decision Modifying the Power Charge Indifference Adjustment Methodology*, Rulemaking ("R.") 17-06-026, October 19, 2018.

[3] D. 18-10-019 at OP 9.

[4] *Id.* at Finding of Fact 18, Conclusion of Law 19.

shifting provisions of Public Utilities Code Sections 365.2, 366.2, and 366.3.[5] The Commission also adopted a trigger mechanism for the PCIA cap that requires an IOU to submit an expedited application when its balancing account reaches 7% of forecast PCIA revenues and the balance of the account is forecasted to reach 10%.[6]

An expedited application must include a projected account balance as of 60 days or more from the date of filing, depending on when the balance will reach the 10% threshold, and "propose a revised PCIA rate that will bring the projected account balance below 7% and maintain the balance below that level until January 1 of the following year . . ."[7] Subsequently, SDG&E submitted Advice Letter ("AL") 3436-E establishing SDG&E's CAPBA, and the Commission approved it on October 31, 2019.[8]

SDG&E submitted the present Application pursuant to D. 18-10-019 on July 10, 2020. In its Application, SDG&E explains that the CAPBA balance reached 7.9% of forecast PCIA revenue on April 30, 2020, exceeded the 10% trigger threshold on May 31, 2020, and is projected to reach $8.92 million, or 32%, of forecasted PCIA revenues by December 31, 2020.[9] SDG&E's Application requests Commission authorization to increase current effective PCIA rates over a 3-month period in order to obtain funding from departing load customers for the full amount of the forecasted $8.92 million undercollection and simultaneously refund bundled customers by the end of Calendar Year 2020.[10] The Application would increase the monthly bill of a residential

---

[5] D. 18-10-019 at Conclusion of Law 23.

[6] D. 18-10-019 at OP 10.

[7] *Id.*

[8] AL 3436-E, Establishment of the Power Charge Indifference Adjustments Balancing Account Pursuant to Decision 18-10-019, filed September 30, 2019, effective October 30, 2019.

[9] Application at 1-2.

[10] *Id*. at 5.

departing load customer by approximately $30 per month under one proposal, and $187 per month under another.[11]

Pursuant to Administrative Law Judge ("ALJ") Thomas J. Glegola's September 18, 2020 Ruling, SDG&E submitted an update on its CAPBA balance and provided an explanation of accounting and billing systems limitations allegedly preventing SDG&E from collecting revenue in Calendar Year 2021 (the "Report").[12] SDG&E's Report contends that amortization cannot extend beyond Calendar Year 2020 since, in part, system and billing constraints prevent proper tracking of and accounting for collections and reimbursements as customers depart for CCA or Direct Access ("DA") service. These logistical issues are exacerbated by the expected rollout of SDCP and CEA, both of which are expected to depart a significant portion of bundled service customers throughout 2021.[13] To overcome these constraints, SDG&E proposes that it may be able to accommodate a longer amortization period if bundled customers who depart during Calendar Year 2021 agree to forfeit the remainder of their CAPBA refund.

III. DISCUSSION

SDG&E, as the applicant, bears the burden of affirmatively establishing the reasonableness of all aspects of its application,[14] and that burden of proof generally is measured based upon a

[11] Application at 6-7.

[12] San Diego Gas & Electric Company's Update on CAPBA Balance and Report Re Accounting and Billing Systems Pursuant to ALJ's September 18, 2020 Ruling, A. 20-07-009, October 1, 2020.

[13] SDG&E Report at 3-4; *see also* San Diego Community Power *Community Choice Aggregation Plan and Statement of Intent* at 17; Clean Energy Alliance *Community Choice Aggregation Implementation Plan and Statement of Intent* at 4.

[14] *See, e.g.,* D. 12-12-030, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk of Inefficient Construction Management to Shareholders, and Requiring Ongoing Improvement in Safety Engineering,* R. 11-02-019, December 28, 2012 at 42; Pub. Util. Code § 451 (requiring that rates be "just and reasonable").

preponderance of the evidence.[15] As further explained below, SDG&E fails to meet this standard as its proposed amortization period and purported inability to extend the amortization period beyond 2020 without requiring departing load customers to forfeit their refund are neither just nor reasonable, inconsistent with the law, and noncompliant with the rules and regulations set forth by the Commission.

A. The Commission Should Deny SDG&E's Three-Month Cost Recovery Proposal Because It Is Not Feasible and Would Cause Rate Shock

In its Application, SDG&E requests Commission authorization of a refund to bundled customers and simultaneous increase to Power Charge Indifference Adjustment ("PCIA") rates to bring its $8.92 million CAPBA balance down to zero before the end of Calendar Year 2020.[16] The substantial rate shock associated with this short period is the type PCIA rate swing that the Commission explicitly sought to avoid when it adopted the cap and trigger mechanism in the first place. Moreover, given the current procedural status of this proceeding, SDG&E's original proposal is no longer feasible.

Instead of proposing a solution that goes beyond three months, which would have been a logical approach, SDG&E proposes to modify the allocation methodology to reduce the degree of rate shock. Rather than use the generation allocators used originally to allocate PCIA costs among customer classes, it proposes an equal-cents-per-kWh allocation. While directionally this

---

[15] *See* D.18-10-019 at 5; D. 15-07-044, *Order Modifying Decision (D.) 12-12-030 and Denying Rehearing, as Modified,* R.11-02-019, July 27, 2015 at 29 (observing that the Commission has discretion to apply either the preponderance of evidence or clear and convincing standard in a ratesetting proceeding, but noting that the preponderance of evidence is the "default standard to be used unless a more stringent burden is specified by statute or the Courts.").

[16] Application at 1-2. Specifically, SDG&E's Expedited Application requested authorization to amortize the undercollection over a 3-month period beginning October 1, 2020 and concluding December 31, 2020. Though this proceeding's timeline extends into that proposed window, SDG&E argues that recovery must still occur before the end of Calendar Year 2020 due to system constraints.

improves the degree of rate shock, and the San Diego CCA Programs and CalCCA support the equal-cents-per-kWh approach, it does not alleviate the dramatic escalation in rates that would occur with a compressed amortization period. Rates would still increase between 238 percent for residential departing load customers, or $30 per month, and 362 percent for streetlighting.[17]

Neither proposal from SDG&E is reasonable. The consequence of either would be a staggering and unprecedented increase in the PCIA for departing load customers in SDG&E territory. The effect would be an unintended consequence of adopting the cap and trigger and deviate from the Commission's intent in D.18-10-019, namely that the PCIA rate cap "protect[] against volatility in the PCIA."[18] Moreover, bundled ratepayers would not be greatly affected one way or the other, due to the balance of bundled and departing load customers in SDG&E's service territory. The CAPBA "payback" to bundled customers is relatively small, ranging from a .75 percent to 1.16 percent average monthly bill reduction.

In addition, neither alternative is feasible in practice. Currently, a proposed decision is scheduled for some time in November 2020.[19] If a final decision granting SDG&E's request were to be approved in mid-November, SDG&E would only have one month in Calendar Year 2020 to collect the full CAPBA balance through increased PCIA rates. Accordingly, the Commission should reject SDG&E's proposals. Instead, for the reasons described below, the Commission should adopt a 36-month amortization relying on an equal-cents-per-kWh allocation.

[17] Fuhrer Testimony at SF-17 to SF-18.
[18] D.18-10-019 at 86 ("We affirm that a cap protects against volatility in the PCIA.").
[19] Scoping Memo at 5.

B. The Commission Should Adopt a Three-Year Amortization Period of the 2020 CAPBA Balance Relying on an Equal-Cents-Per-kWh Allocation

The Commission should reject SDG&E's proposed amortization and allocation alternatives and, instead, adopt a reasonable approach. A 36-month amortization commencing January 1, 2021, coupled with an equal-cents-per-kWh allocation best achieves the objective of minimizing rate shock and reducing PCIA volatility with minimal effect on bundled customers.

Currently, residential customers of SEA, the only currently operational CCA in SDG&E service territory, who are assigned a 2017 Vintage, pay a PCIA rate of $0.03187.[20] Under SDG&E's 3-month amortization proposal, SEA customers would see their current effective PCIA rate increase to either $0.49958 using the generation revenue allocation or $0.10812 under the equal-cents-per-kWh allocation methodology.[21] These whopping 1,468 percent and 239 percent respective increases would likely grow larger if SDG&E is able to amortize the full CAPBA balance over the remaining two months of Calendar Year 2020. Under a 36-month amortization period, however, SEA customers would pay a 2020 PCIA rate of $0.07085, or a 122 percent increase using the generation revenue allocation methodology and $0.03822, or a 20 percent increase using the equal-cents-per-kWh allocation.[22] As such, a 36-month amortization using the equal-cents-per-kWh allocation would best serve to mitigate the rate shock on departing load customers while still allowing SDG&E to fully recover the CAPBA undercollection on behalf of bundled customers.

---

[20] SDG&E Data Response 03.

[21] *See* Fuhrer Testimony at SF-A-2, SF-B-2. Proposed PCIA rate with 3-month amortization for residential customer assigned a PCIA 2017 Vintage is $0.49958/kWh; Alternative proposed PCIA rate with 3-month amortization using an equal-cents-per-kWh for residential customer assigned a PCIA 2017 Vintage is $0.10812/kWh.

[22] SDG&E Data Response 03.

Table 1 lists current effective 2020 PCIA rates for Vintage 2017 customers and compares the rates that would be charged under SDG&E's proposed amortization period with the rate under a 36-month amortization period using both allocation methodologies.

Table 1 – Rate Impact of a 3-Month and 36-Month Amortization Period on PCIA Vintage 2017 Using Both Allocation Methods ($/kWh)

Customer Class	Current Effective Rates[23]	SDG&E Proposed Rate Using Generation Revenue Allocation[24]	36-Month Amortization Using Generation Revenue Allocation[25]	SDG&E Proposed Rates Using Equal Cents per kWh[26]	36-Month Amortization Using Equal Cents per kWh[27]
Residential	0.03187	0.49958	0.07085	0.10812	0.03822
Small Commercial	0.02678	0.24030	0.04457	0.10302	0.03313
Medium and Large C&I	0.02946	0.06693	0.03258	0.10570	0.03581
Agriculture	0.02226	0.78608	0.08591	0.09850	0.02861
Streetlighting	0.02094	0.42537	0.05465	0.09719	0.02730
System	0.02983	0.10608	0.03619	0.10608	0.03619

Given the magnitude of rate increase proposed in SDG&E's Application, it would be reasonable and justifiable to extend the amortization period to 36 months. Regardless of the total amount that SDG&E is ultimately approved to recover, an amortization period of 36 months would spread the costs over a longer period of time and minimize rate shock. The Commission has wide latitude to set the amortization period in this proceeding based on well-established ratemaking principles, and doing so would not conflict with D.18-10-019, which requires an

[23] *See* Exhibit SDCCA-01; SDG&E Response to SDCP Data Request 3.3.
[24] Fuhrer Testimony at SF-A-2.
[25] *See* Exhibit SDCCA-01; SDG&E Response to SDCP Data Request 3.3.
[26] Fuhrer Testimony at SF-B-2.
[27] *See* Exhibit SDCCA-02; SDG&E Response to SDCP Data Request 3.3

applicant to propose to bring an unspecified amount of the outstanding balance of the trigger account below 7% before the end of the year, but does not prescribe or otherwise require the Commission to adopt a particular amortization period, much less one that brings the balance to 0% before the end of the year. [28] Further, an extended amortization period would retain intended cost-shifting protections because the balance would be repaid to bundled customers with interest.[29]

While a 36-month amortization period would provide significant relief to departed load customers, it would have little impact on bundled customers. SDG&E's Application reflects that a typical non-CARE residential customer using 400 kWh is estimated to receive a refund of roughly $0.94 per month from the CAPBA Trigger refund under a 3-month amortization schedule.[30] Under the 36-month amortization period, that bundled customer could see a monthly credit or refund of roughly $0.085 per month.[31] Given the small amount of the proposed refund under either scenario, bundled customers would not face a significant hardship if the monthly refund amount was reduced to allow for a full collection over a 36-month amortization period. Further, bundled customers would still be repaid the full amount with interest in accordance with cost-shifting provisions and the Commission's intent. The impact of reducing an already low monthly refund payment to bundled customers is outweighed by the harm that would be eliminated with a 36-month amortization period for departing load customers.

---

[28] D. 18-10-019 at OP 10.

[29] *Id*. at Conclusion of Law 23.

[30] Fuhrer Testimony at SF-12; SDG&E Report at 5-6.

[31] This estimated monthly refund amount was estimated as follows: 0.255 cents/kWh * 400 kWh * 3 months / 36 months = 8.5 cents per month.

C. SDG&E's Purported Inability to Accommodate A Longer Amortization Period Unless Departing Load Customers Agree to Forfeit Their CAPBA Refund Is Unreasonable and Violates Resolution E-4013

As bundled load customers depart in 2021, they will stop receiving their refund for the CAPBA undercollection through commodity rates and begin paying the PCIA rate.[32] If the CAPBA balance is recovered through 2021, however, those same customers would still be owed their share of the CAPBA balance refund that they earned as bundled customers in 2020. SDG&E contends that, due to accounting and billing system limitations and the substantial customer departures expected in 2021, it will be unable to accurately track and issue customer refunds beyond 2020.[33] To overcome these constraints, SDG&E proposes that it may be able to accommodate a longer amortization period if bundled customers who depart during Calendar Year 2021 agree to forfeit the remainder of their CAPBA refund.[34]

Since SDG&E does not track CAPBA balances or develop rates at the customer level, SDG&E claims it would be "nearly impossible" to track, account for, and reimburse CAPBA credits and refunds at a customer level over an extended amortization period.[35] Further, such tracking is apparently unsupported by both SDG&E's legacy billing system and its new billing system expected to go live in 2021.[36] SDG&E claims that neither system is capable of tracking customer movement on an individual customer level, supporting more than one PCIA rate per

---

[32] *Id*.

[33] *San Diego Gas & Electric Company's Update on CAPBA Balance and Report Re Accounting and Billing System Pursuant to ALJ's September 18, 2020 Ruling*, A. 20-07-009, October 1, 2020 at 3.

[34] *Id*. at 5.

[35] *Id*. at 4-5.

[36] *Id*. at 5.

vintage and per customer class, or supporting more than one bundled commodity rate for the applicable rate schedule.[37]

SDG&E's claims lack sufficient detail and evidentiary support to understand its system limitations and, if correct, these claims suggest a failure of compliance with Resolution E-4013. Even if SDG&E is correct, however, adopting a 36-month amortization would provide ample time to adjust the system to accomplish the crediting, even if commencement of the crediting cannot begin immediately.

1. The Commission Should Require SDG&E to Show Why It Failed to Proactively Address these Limitations as Required by Resolution E-4013

When the Commission approved the IOUs' CCA Implementation Tariffs and implemented the State's CCA Program in Resolution E-4013, it clarified that "utilities have the sole responsibility for ensuring that their respective systems are ready for CCA implementation within six months from the date the first CCA files its Implementation plan. . . "[38] While this clarification was made in the context of system readiness for the very first CCAs to come online, the same general principle, i.e., that utilities are responsible for ensuring system readiness, still applies. Both SDCP and CEA filed their implementation plans in December 2019 with both plans indicating that bundled customers would begin departing for CCA service in March and May 2021 respectively.[39] Thus, SDG&E had ample time far beyond the required six-month notice period to

[37] *Id*. at 6.

[38] Resolution E-4013 at Finding 8.

[39] *See* San Diego Community Power *Community Choice Aggregation Implementation Plan and Statement of Intent* at 17; Clean Energy Alliance *Community Choice Aggregation Implementation Plan and Statement of Intent* at 1.

make the system adjustments necessary to adequately accommodate departures to the two new CCAs.

Since both SDCP's and CEA's Implementation Plans were filed after the Commission created the PCIA cap and trigger Mechanism in D. 18-10-019, SDG&E's system adjustments should have included a means by which to properly track, account for, and issue reimbursements. The cap and trigger were established in 2018 and went into effect starting with the ERRA forecast for 2020.[40] Since SDCP and CEA submitted implementation plans long *after* the cap and trigger were established, SDG&E should have foreseen that the CAPBA balance could exceed the trigger around the same time that a significant portion of bundled customers would be departing for CCA and DA service.

SDG&E fails to demonstrate why it did not take steps to ensure that its system could properly track and account for individual CAPBA refunds to accommodate the present scenario. Even if SDG&E did not foresee an amortization period extending beyond the calendar year, it should have foreseen that the balance could exceed the trigger in 2021. In fact, should the CAPBA balance exceed the trigger in 2021, amidst the substantial, staggered departures, it seems that SDG&E will find itself in the same position. Thus, SDG&E cannot rely on purported system constraints to oppose an extended amortization period without providing additional evidence to demonstrate that its lack of planning apparently in violation of Resolution E-4013 was just and reasonable.

[40] D. 18-10-019 at 86.

2. The Commission Should Require SDG&E to Explain Why Its New Billing System Is Unable to Support Customer-Level Tracking of Refunds and Credits Over the Extended Amortization Period

In D. 18-08-008, the Commission granted SDG&E's request for authority to implement its Customer Information System ("CIS") Replacement Program and found that the new CIS system would allow SDG&E to implement new and evolving tariff and program offerings and address a wide range of customer service transactions.[41] In that Application, SDG&E stated that it urgently needed to replace the outdated CIS with a new "modernized CIS platform that will enable SDG&E to implement increasingly complex California regulatory requirements, and keep pace with the rapidly changing energy industry and evolving service demands of customers."[42]

Despite the new billing system's promising features, SDG&E's Report suggests that both the new platform and the legacy platform are equally incapable of accommodating the increasingly complex requirements of the PCIA cap and trigger mechanism.[43] As such, the Commission should require SDG&E to provide a more detailed showing as to why its new billing system cannot allow for tracking individual customer CAPBA balance refunds and providing credits to bundled load customers who depart in 2021. Past Commission decisions support the notion that SDG&E may be able to use different methodology to credit bundled and unbundled customers. For example, the San Onofre Nuclear Generating Station ("SONGS") revised settlement agreement provides that SDG&E will credit unbundled customers through the PCIA and bundled customers through the non-fuel generation balancing account.[44]

---

[41] D. 18-08-008, *Decision Granting Authority to Implement Customer Information System Replacement Program and Approving Settlement Agreement*, A. 17-04-027, August 10, 2018 at Finding of Fact 10.

[42] *Id*.

[43] SDG&E Report at 5.

[44] *See* San Diego Gas & Electric Advice Letter 3265-E, *Implementation of the SONGS 2018 Revised Settlement Agreement in Rates Effective October 1, 2018 and Tariff Modifications in Compliance with Decision 18-07-038*, September 7, 2018.

Yet another alternative method may be to include the credit as a reduction to the 2020 or 2021 PCIA vintage rate. This method would credit both bundled customers (who pay the most recent PCIA vintage rate through their bundled generation rate) and those who depart for CCA or DA service. Since the PCIA rates are cumulative, if the credit is reflected as a reduction to the 2020 vintage, it would also be given to any subsequent vintage—including bundled customers and any customer who departs after July 1, 2020. This approach is utilized by Southern California Edison ("SCE") and would appear to allow SDG&E to overcome its purported limitations.[45]

In addition, SDG&E should be made to show why the new billing system cannot be utilized in some alternative manner that would accommodate an extended amortization period while allowing customers to receive their full refunds. Even if SDG&E lacks the account level information necessary to credit customers back with their actual contribution, it could pro-rate the contribution amount per average customer bill and provide customers with a one-time credit line on their bill, similar to the "Climate Credit."

3. Requiring Bundled Customers to Forfeit their Refund is Unjust, Unreasonable, and Would Lead to Impermissible Cost-Shifting

The revenue shortfall that results from the $0.005/kWh PCIA rate cap is funded by bundled customers through their rates until a CAPBA trigger application is warranted, at which point the utility can seek authorization to raise PCIA rates and pay back bundled customers.[46] SDG&E suggests that, in light of system constraints, an extended amortization period may be accommodated if bundled customers agree to forfeit their CAPBA refund after they depart for CCA or DA service in 2021. Under this scheme, SDG&E would effectively penalize bundled

---

[45] *See* Southern California Edison *Preliminary Statement: Power Charge Indifference Undercollection Balancing Account (PUBA)*, Cal. PUC Sheet No. 68068-E.

[46] *Prepared Direct Testimony of Eric L. Dalton on Behalf of San Diego Gas & Electric Company,* July 10, 2020 at ED-4.

customers for choosing to depart to CCA or DA service by withholding the remaining refund they would otherwise receive if they remained with SDG&E. Regardless of the refund amount, such differential treatment would violate the non-discrimination provisions of the CCA Code of Conduct established in D. 12-12-036.[47]

Further, by withholding a customer's due share of the CAPBA refund, SDG&E would effectively shift the costs of the 2020 undercollection balance to customers who funded the revenue shortfall in 2020 but depart in 2021. The Commission sought to preserve cost-shifting protections under the cap and trigger mechanism by requiring that bundled customers be repaid with interest for their share of the undercollection covered through their rates.[48] Under SDG&E's proposal, customers who paid to fund the PCIA undercollection in 2020 would not receive that full repayment if they depart during the extended amortization period. This outcome would necessarily result in impermissible cost-shifting since the forfeited amount would effectively cover the portion of 2020 PCIA charges owed by departed load customers.

Therefore, SDG&E's proposal to accommodate an extended amortization period on the condition that customers departing during the amortization period agree to forfeit their due share of the CAPBA refund, regardless of the amount, is unjust, unreasonable, unsupported by Commission rules, and in violation of statutory cost-shifting provisions. Since SDG&E has failed to demonstrate otherwise, the Commission should reject refund forfeiture as a condition to an extended amortization period.

---

[47] *See* D. 12-12-036 at 25, A1-6, A1-8. Rule 14 requires utilities to apply tariffs in the same manner to similarly situated entities; Rule 18 prohibits discrimination against CCAs, for example by refusing to provide products or services to CCAs or their customers.
[48] D. 18-10-019 at Conclusion of Law 23.

4. SDG&E Fails to Address How Refund Forfeiture Would Impact the Total CAPBA Balance and PCIA Rates

Since SDG&E seeks to increase PCIA rates to pay the simultaneous refund to bundled customers, refund forfeiture should necessarily reduce the total CAPBA balance that must be recovered. If the actual balance is lower than forecast balance, then PCIA rate increases would need to be adjusted accordingly to avoid overcollection from departed load customers. SDG&E fails to address this relationship in its Application or Report. For example, SDG&E does not propose any kind of true-up procedure to account for differences in the forecast balance and actual balance resulting from departures. As such, it is unclear whether this proposed forfeiture scenario could result in overcollection, how SDG&E would track this, and at what point SDG&E would seek to make a correction. These questions further highlight why SDG&E's proposed condition to an extended amortization period is unreasonable and should not be adopted.

5. Adopting a 36-Month Amortization Period for Recovery of the CAPBA Balances Allows More Time to Make Any System Changes Necessary to Accommodate Crediting of Bundled Customers Who Become Departing Load in 2021

SDG&E's upgraded CIS system is expected to go live in 2021, the same year in which SDG&E expects a significant portion of bundled customers to depart to CCA and DA service.[49] SDG&E suggests that the upgraded billing system cannot properly accommodate an extend amortization period amidst numerous departures, and thus seeks to fully recover the balance before the departures occur. It remains unclear, however, whether SDG&E's improved billing system, once fully implemented, could accommodate the period after the dust has settled and all departures are finalized around late 2021. A 36-month amortization period would provide the extra time needed to finalize departed load customer counts and determine the feasibility of

[49] *See* SDG&E Report at 3-5.

system adjustments that could establish a credit for the amount of the CAPBA refund that SDG&E claims must be forfeited.

IV. CONCLUSION

For the foregoing reasons, the Commission should require SDG&E to recover the CAPBA balance over a 36-month amortization period using an equal-cents-per-kWh approach and, absent a showing that sufficiently justifies SDG&E's purported system limitations, require SDG&E to provide bundled customers with their full refund, even if they depart for CCA or DA service and transition to departing load customers in the middle of the year.

Respectfully submitted,

/s/ Ty Tosdal

Ty Tosdal
Tosdal APC
777 South Highway 101, Suite 215
Solana Beach, CA 92075
Telephone: (858) 252-6416
E-mail: ty@tosdalapc.com

Attorney for:
San Diego Community Power
Clean Energy Alliance
Solana Energy Alliance

/s/ Evelyn Kahl

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
E-mail: regulatory@cal-cca.org

October 20, 2020

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

Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed on July 10, 2020)

**JOINT REPLY BRIEF OF
SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE,
SOLANA ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION**

Ty Tosdal
Tosdal APC
777 South Highway 101, Suite 215
Solana Beach, CA 92075
Telephone: (858) 252-6416
E-mail: ty@tosdalapc.com

Attorney for:
San Diego Community Power
Clean Energy Alliance
Solana Energy Alliance

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
E-mail: regulatory@cal-cca.org

October 30, 2020

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed on July 10, 2020)

JOINT REPLY BRIEF OF
SAN DIEGO COMMUNITY POWER, CLEAN ENERGY ALLIANCE, SOLANA ENERGY ALLIANCE, AND THE CALIFORNIA COMMUNITY CHOICE ASSOCIATION

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the October 7, 2020 Scoping Memo and Ruling setting the schedule in this proceeding, San Diego Community Power ("SDCP"), Clean Energy Alliance ("CEA"), Solana Energy Alliance ("SEA") (collectively, the "San Diego CCA Programs"), and the California Community Choice Association ("CalCCA"), hereby submit this Joint Reply Brief regarding San Diego Gas & Electric Company's ("SDG&E") *Expedited Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism,* submitted on July 10, 2020 ("Application"). SDG&E's Application requests authority to increase the Power Charge Indifference Adjustment ("PCIA") to recover $8.92 million in its PCIA undercollection balancing account ("CAPBA") from departing load customers.[1]

SDG&E's Application remains unjust, unreasonable, and contrary to the specific purpose of the PCIA cap established by the Commission in D. 18-10-019. While SDG&E has revised its original proposal to recover the full CAPBA balance over a 3 month period, and now proposes to

[1] *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, Application ("A.") 20-07-009, filed July 10, 2020, at 2.

recover the balance over 6-month amortization period, the new proposal does not go far enough to limit the volatility and magnitude of rate impacts that would follow.[2] Under the revised proposal, residential SEA customers would see their PCIA rates increase by 734 percent using generation revenue allocation and nearly 120 percent using an equal-cents-per-kWh approach.[3] SDG&E has also failed to demonstrate through argument or evidence why the Commission should adopt its proposal to deny refunds for one group of customers expected to depart SDG&E service for SDCP and CEA in 2021 in return for an extended amortization period for an entirely different set of customers, i.e., customers currently being served by SEA who departed SDG&E service in 2018.

Since SDG&E has failed to affirmatively establish the reasonableness of its proposed amortization period and its request that departing load customers forfeit a refund that bundled customers will be receiving as a result of the PCIA undercollection, the Commission should deny SDG&E's proposal. Instead, the Commission should adopt the proposal put forth by the San Diego CCA Programs and CalCCA that would allow SDG&E to amortize the full CAPBA balance over 36-months and provide departing load customers with the full amount of the refund owed to them.[4]

I. DISCUSSION

While the San Diego CCA Programs and CalCCA support the equal-cents-per-kWh allocation proposal made by SDG&E, the programs oppose a 6-month amortization period for

---

[2] *See Opening Brief of San Diego Gas & Electric Company in Support of Its Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, A. 20-07-009, October 20, 2020. ("SDG&E Opening Brief").

[3] *See* SDG&E Opening Brief at Attachment A and B (showing PCIA 2017 Vintage for residential customers will increase from $.03187/kWh to $.26573/kWh under generation revenue allocation and to $0.06999/kWh using equal-cents-per-kWh).

[4] *See Joint Opening Brief of San Diego Community Power, Clean Energy Alliance, Solana Energy Alliance, and the California Community Choice Association*, A. 20-07-009, October 20, 2020. ("SDCCA Opening Brief").

recovery of the CAPBA balance. SDG&E's Opening Brief, like its Application, lacks sufficient evidence to demonstrate why the Commission should not adopt a longer amortization period in conjunction with an equal-cents-per-kWh allocation in order to adequately mitigate rate shock to departed load customers. Issue No. 5 in the Assigned Commissioner's Scoping Memo and Ruling concerns whether the Commission should approve SDG&E's cost recovery proposals or some other proposal, and asks if there are reasons the Commission cannot amortize the rate increase over a period of longer than three months.[5] Yet SDG&E's Opening Brief fails to demonstrate that its 6-month proposal is just and reasonable. Given SDG&E's failure to meet its burden, the San Diego CCA Programs and CalCCA request the Commission deny SDG&E's proposal and instead adopt a 36-month amortization period utilizing an equal-cents-per-kWh allocation method. Further, the San Diego CCA Programs and CalCCA request the Commission reject SDG&E's request that bundled customers forfeit their refund if they depart SDG&E service and instead require SDG&E to pursue an alternative means of preserving customer indifference.

A. SDG&E's 6-Month Amortization Proposal is Unjust and Unreasonable

In its Opening Brief, SDG&E concedes that the 3-month period proposed in the Application is no longer practicable under this proceeding's timeline, and now requests that the Commission approve a 6-month cost recovery amortization period beginning January 1, 2021 and concluding June 30, 2021.[6] Under this proposal, bundled customers who depart during the 6-month period would be required to forfeit their remaining CAPBA refund. Despite arguments to the contrary made by the San Diego CCA Programs, CalCCA, and other parties in this proceeding[7],

[5] Scoping Memo at 4.

[6] SDG&E Opening Brief at 12.

[7] *See* SDCCA Opening Brief at 7 ("A 36-month amortization period. . . coupled with an equal-cents-per-kWh allocation best achieves the objective of minimizing rate shock and reducing PCIA volatility with

SDG&E states that "[t]here is no reason to extend the amortization period beyond 6 months."[8] This statement is plainly incorrect.

1. SDG&E's Proposal Does Not Align with D. 18-10-019

There are several reasons to extend the amortization period beyond 6 months—namely, to mitigate the astronomical rate shock posed by SDG&E's proposals. SDG&E states that a 6-month amortization "sufficiently reduces rate shock" without addressing the magnitude of the increase or considering whether or how rates could be reduced further.[9] Under a 6-month amortization period, residential SEA customers would see their PCIA rates increase by 734 percent using the generation revenue allocation method and nearly 120 percent using the equal-cents-per-kWh method.[10] SDG&E's proposal can hardly be considered "sufficient" to mitigate rate increase of this magnitude. In contrast, the 36-month amortization period proposed by the San Diego CCA Programs and CalCCA would result in only a 20 percent increase in the PCIA using equal-cents-per-kWh approach.[11]

SDG&E claims that recovering the full balance by June 2021 "most closely aligns" with D. 18-10-019, which requires that the proposed PCIA rate bring the projected balance below 7%

---

minimal effect on bundled customers."); CalCCA Protest at 5 ("[L]onger amortization periods significantly reduce rate impacts while still ensuring revenue. . . recovery."); *see also,* ARem/DACC Opening Brief at 8 ("AReM/DACC recommend that the amortization period for the CAPBA recovery be set at no less than 24 months."); *Comments of the California Alliance for Community Energy* at 5 ("In the interest of simple customer fairness if not adherence to its own principles, the Commission should order a recovery schedule that amortizes the final recovery amount over the maximum number of months possible."); Shell Energy Opening Brief at 5 ("An extended amortization period [of at least 12 months] will ease the burden on already struggling businesses without imposing any costs on bundled customers.").

[8] SDG&E Opening Brief at 12.

[9] *Id.* at 13.

[10] *See Id.* at Attachment A and B (showing PCIA 2017 Vintage for residential customers will increase from $.03187/kWh to $.26573/kWh under generation revenue allocation and to $0.06999/kWh using equal-cents-per-kWh).

[11] *See* SDCCA Opening Brief at 7.

until January 1 of the following year.[12] Without explicitly saying so, SDG&E appears to suggest that June 2021's proximity to January 1, 2021 somehow aligns the proposal with the Commission's intent. The anticipated rate shock associated with SDG&E's proposal and the Commission's stated intent to promote certainty and stability for all customers, however, show this suggestion to be misguided.

Since the rate impact is reduced as the amortization period is extended, SDG&E cannot reasonably claim that a 6-month amortization period most closely aligns with the Commission's intent in D. 18-10-019. The Commission sought to ensure that any PCIA methodology it adopted in that proceeding would provide "reasonably predictable outcomes that promote certainty and stability for all customers within a reasonable planning horizon."[13] It found that the PCIA cap would help satisfy this particular guiding principle by limiting the change of the PCIA from one year to the next.[14] Now, as a result of the cap, SDG&E proposes to suddenly spring either a 734 percent or 120 percent PCIA rate increase on customers and cause the very uncertainty and instability that the Commission wished to avoid. SDG&E can significantly mitigate this volatility, as the Commission intended, by adopting a 36-month amortization period. Thus, there is ample reason to extend amortization beyond 6 months. SDG&E's position is unreasonable and not supported by the facts.

[12] SDG&E Opening Brief at 12.
[13] D. 18-10-019 at 127.
[14] *Id.* at Finding of Fact 18.

2. SDG&E's Arguments in Support Of a 6-Month Amortization Period are Misleading and Not Supported by Commission Decisions

SDG&E's Opening Brief states that an amortization period extending beyond 6 months would be improper because it would exacerbate cost shifts and would only prolong, not alleviate, departing load customers' obligations to bundled customers.[15] These statements are inaccurate and misleading. First, it is false to suggest that the current CAPBA balance represents any kind of cost shift. In D. 18-10-019, the Commission found that the PCIA cap does not violate cost-shifting provisions because balances will be repaid to bundled customers with interest.[16] Thus, indifference will be preserved under any amortization period as long as bundled customers are repaid the full balance with interest. As such, a 36-month amortization period over which bundled customers receive their full refund with interest will both reduce rate shock to departed load customers and preserve indifference as directed by the Commission.

Second, it is disingenuous to suggest that parties are requesting a longer amortization period to alleviate departing load customer obligations. The San Diego CCA Programs and CalCCA are proposing that SDG&E adopt 36-month amortization period in order to mitigate PCIA rate spikes—not, as SDG&E suggests, to relieve departed load customers of their obligations to pay the CAPBA balance. To the contrary, the San Diego CCA Programs and CalCCA oppose SDG&E's efforts to require refund forfeiture, which if adopted, would necessarily result in a reduction of the total CAPBA balance and existing CCA customers' obligations.

SDG&E provides no further evidence demonstrating why 6 months is a more appropriate length of time, thus it is unclear why a 6-month amortization period would be preferable to a longer period that truly reduces the monthly bill impact to departed load customers. As such, SDG&E

[15] SDG&E Opening Brief at 18.
[16] D. 18-10-019 at Conclusion of Law 23.

has failed to adequately demonstrate why the Commission cannot adopt a longer amortization period. The Commission should reject SDG&E's proposal and adopt a 36-month amortization period using equal-cents-per-kWh allocation, which would most closely conform with Commission decisions and ratemaking principles.

B. SDG&E's Opening Brief Provides No Evidence to Show That Purported System Constraints Make Refund Forfeiture A Necessary Condition to Extending the Amortization Period

Citing only the October 1 Update Report and providing the same general justification for its proposal, SDG&E in its Opening Brief emphasizes that bundled customers who depart in an extended amortization period should forfeit their refund.[17] SDG&E states "[a]sking the departing customers to forfeit a nominal refund amount in exchange for having received the benefit of an extended amortization period is just and reasonable."[18] To the contrary, the proposed rate increase applies only to current CCA customers, and so the only customers who will benefit from an extended period are those who have already departed—not bundled customers who will be departing in 2021. SDG&E is asking these customers to forfeit their due refund in exchange for a benefit conferred solely to another group of customers, i.e. departed customers. The same sacrifice is not being asked of bundled customers who remain with SDG&E. Such discriminatory treatment of these customers for the benefit of others is not just and reasonable.

Furthermore, SDG&E has not presented any evidence showing that system constraints make its proposal reasonable under the circumstances, or that alternative means of tracking bundled customer refunds over a longer amortization period, such as those proposed in the Opening Brief of the San Diego CCA Programs and CalCCA, are unworkable.[19] Given the lack of

---

[17] SDG&E Opening Brief at 15.
[18] *Id*. at 17.
[19] SDCCA Opening Brief at 13-14.

evidence supporting its position, SDG&E has not sufficiently demonstrated that forfeiture of the refund is substantively related to, much less an unavoidable consequence of, extending the amortization period. As such, the Commission should reject any notion that forfeiture is a just and reasonable consequence of an extended amortization period. In fact, as the San Diego CCA Programs and CalCCA argue in their Opening Brief and discuss below, requiring bundled customers to forfeit their refund because they leave utility service, regardless of the amount, is manifestly unjust and unreasonable.[20]

C. SDG&E's Proposal is The Only Proposal Advanced in This Proceeding That Would Result in Cost-Shifting

In support of its proposal, SDG&E argues that a 6-month period "helps to preserve indifference as directed by the Commission"[21] While the San Diego CCA Programs and CalCCA appreciate SDG&E's commitment to preserving indifference, these cost-shifting concerns are notably absent from the refund forfeiture discussion. SDG&E argues that such a condition is just and reasonable given the small amount of expected refund ($0.47 per month) and the number of customers expected to depart *after* June 2021.[22] Regardless of the refund amount or number of customers affected, the CAPBA refund represents the bundled customers' share of the PCIA undercollection they covered through rates in 2020. Since the PCIA undercollection is attributable to current CCA and DA customers, but was paid for by bundled customers, forfeiture would necessarily result in a departing customer having to bear additional costs that were not incurred on their behalf. This demonstrates that SDG&E's proposal does not help to preserve indifference and would give rise to impermissible cost-shifting between bundled and departed customers. SDG&E

---

[20] *Id*. at 14-15.
[21] SDG&E Opening Brief at 13.
[22] *Id*. at 17.

failed to address this outcome and thus has failed to demonstrate how this proposed cost-shift is truly just and reasonable. In contrast, the proposal put forth by the San Diego CCA Programs and CalCCA *would* preserve indifference by requiring that bundled customers receive their full CAPBA refund even if they depart for SDCP, CEA, or any other DA service during the amortization period.

SDG&E similarly fails to address whether the CAPBA balance will be updated to reflect refund forfeitures. The proposed PCIA rate increases are calculated to recover the full $8.92 million PCIA undercollection that is owed to bundled customers. If bundled customers forfeit their share of the refund as they depart to SDCP and CEA, the total CAPBA balance to be recovered would necessarily decrease. Failure to adjust the balance and PCIA rates accordingly could result in an overcollection. SDG&E's Opening Brief makes no mention of whether or when such adjustments will occur, and thus fails to show that refund forfeiture is a just and reasonable condition to accommodate an extended amortization period.

D. The Commission Should Adopt SDG&E's Equal-Cents-per-kWh Cost Recovery Allocation Proposal to Ameliorate Rate Shock

SDG&E's Opening Brief recommends that the Commission approve an alternative cost recovery proposal using an equal-cents-per-kWh allocation to mitigate customer rate shock.[23] The San Diego CCA Programs and CalCCA agree with this methodological approach because it provides a more equitable solution to distributing the rate increase than the approved PCIA cost allocation methodology of generation revenue allocation factors. SDG&E's characterization of this alternative allocation method as "the only meaningful way to mitigate rate shock and mitigate

[23] *Id*. at 18.

customer impact"[24] ignores other mechanisms, such as extending the amortization period to minimize rate shock. The equal-cents-per-kWh allocation method should be utilized in conjunction with a 36-month amortization period to provide true relief to customers.

II. CONCLUSION

For the foregoing reasons, the Commission should require SDG&E to recover the CAPBA balance over a 36-month amortization period using an equal-cents-per-kWh approach. Since SDG&E failed to sufficiently demonstrate purported system limitations, the Commission should also require SDG&E to provide bundled customers with a full refund, regardless of whether or when they depart for CCA or DA service.

Respectfully submitted,

/s/ Ty Tosdal

Ty Tosdal
Tosdal APC
777 South Highway 101, Suite 215
Solana Beach, CA 92075
Telephone: (858) 252-6416
E-mail: ty@tosdalapc.com

Attorney for:
San Diego Community Power
Clean Energy Alliance
Solana Energy Alliance

/s/ Evelyn Kahl

Evelyn Kahl, General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94520
E-mail: regulatory@cal-cca.org

October 30, 2020

[24] *Id*. at 19.

FILED
10/23/20
04:59 PM

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

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts	Application 20-04-014

REPLY BRIEF OF SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE

Jacob Schlesinger
Keyes & Fox LLP
1580 Lincoln St. Suite 880
Denver, CO 80203
Phone: (970) 531-2525
Email: jschlesinger@keyesfox.com

Tim Lindl
Keyes & Fox LLP
580 California Street, 12th Floor
San Francisco, CA 94104
Phone: (510) 314-8385
E-mail: tlindl@keyesfox.com

Counsel to San Diego Community Power and Clean Energy Alliance

October 23, 2020

SUBJECT MATTER INDEX

TABLE OF AUTHORITIES

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts	Application 20-04-014

REPLY BRIEF OF SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE

Pursuant to Rule 13.11 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the July 6, 2020 Scoping Memo and Ruling setting the schedule for this proceeding, San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") hereby submit this Reply Brief regarding San Diego Gas and Electric Company's ("SDG&E") *Application for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts*, submitted on April 15, 2020 ("Application").

SDCP and CEA limit this reply brief to responding only to those issues addressed in SDCP and CEA's Opening Brief, filed on September 25, 2020. Accordingly, SDCP and CEA only respond to the Opening Brief of SDG&E Regarding its Application for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts ("SDG&E Opening Brief").

I. INTRODUCTION

As further explained below, SDCP and CEA submit this reply brief to show that SDG&E's interpretation of the proper baseline rate to use when calculating the Power Charge Indifference Amount ("PCIA") price cap runs contrary to the specific purpose of the cap established by the Commission. In addition, SDCP and CEA note their appreciation for SDG&E's commitment to correcting its calculation error and look forward to reviewing the corrections in SDG&E's November Update. Further, based on SDG&E's admissions in its Opening Brief and subsequent discovery responses, the Commission should ensure that SDG&E, in its November update, corrects the GT Interim Pool Price along with the other components of the GTSR rates.

As an aside, SDCP and CEA refute any implication by SDG&E that intervenors somehow failed to fulfill their obligations under the Administrative Law Judge's ("ALJ") direction to meet and confer. At the pre-hearing conference, the ALJ directed "the parties to meet and confer regarding a standard form for the issues and the ordering of issues in briefs."[1] On September 9, all parties met and agreed to use the list and order of issues in the scoping memo as the standard form for the ordering of issues in this complex proceeding. Intervenors appropriately declined SDG&E's request to provide their specific arguments that they would advance in Opening Briefs.

SDG&E, as the applicant in this proceeding, bears the burden of affirmatively establishing the reasonableness of all aspects of its application.[2] SDG&E first has the opportunity to make this showing in its application, and then again in its opening brief. Intervenors may simultaneously submit an opening brief identifying issues or concerns with the information provided and positions taken in SDG&E's application. Thereafter, each party has the opportunity to reply to issues identified in opening briefing. The ALJ did not, nor would it have been appropriate to, require intervenors to give SDG&E a "preview" of the issues they plan to address in opening briefs. The ALJ did not convey such a requirement as doing so would be a significant departure from the standard form of Commission litigation and would allow SDG&E two opportunities for

---

[1] June 17, 2020 Prehearing Conference Reporter's Transcript at p. 24:20-25:5 (ALJ Wercinski).
[2] D.11-02-019, *Decision Mandating Pipeline Safety Implementation Plan, Disallowing Costs, Allocating Risk of Inefficient Construction Management to Shareholders, and Requiring Ongoing Improvement in Safety Engineering*, p. 42 (Dec. 28, 2012) ("D.12-12-030"); Pub. Util. Code § 451 (requiring that rates be "just and reasonable").

response—first, in the opening briefs, and again in reply. Parties agreed on the form and order for presenting issues in briefs per the ALJ's request but, appropriately, did not pre-commit to, nor specify, the arguments each intended to advance in opening briefs.

II. REPLY

C. Scoping Issue No. 3 – Whether the Commission should approve a 2021 Portfolio Allocation Balancing Account forecast revenue requirement of $373.828 million.

SDCP and CEA's Opening Brief discussed the importance of requiring SDG&E to provide necessary underlying volumetric data to understand the difference between forecasted PABA revenue requirements and actual PABA balances.[3] SDCP and CEA noted that they would continue to request that SDG&E provide its underlying data on an ongoing monthly basis via discovery.[4]

Since the filing of Opening Briefs, SDCP and CEA and have met and conferred with SDG&E and SDG&E has agreed to provide the requested information under a seal of confidentiality. SDCP and CEA appreciate SDG&E's cooperation on this request. However, going forward, the Commission should require that SDG&E provide such information up-front in its ERRA forecast proceedings to ensure expediency and efficiency in this fast-paced but impactful proceeding.

Without this data, intervenors will not be able to verify whether SDG&E calculated its PABA balances correctly or whether its PABA forecasts are based on verifiable data and consistent with historical sales. Because the PABA balance is a significant input into the total indifference amount, it has a significant impact on PCIA rates.[5] As such, this underlying

[3] SDCP Opening Brief, pp. 9-11.
[4] *Id.* at 11.
[5] *See* SDCP Opening Brief, pp. 3-6.

volumetric data must be readily available to allow intervenors to examine the justness and reasonableness of the proposed PCIA rates.

I. Scoping Issue 9 – Whether the Commission Should Approve SDG&E's Proposed Vintage Power Charge Indifference Adjustment in Rates

i. SDG&E's Interpretation of the Baseline PCIA Rate Flies in the Face of the Commission's Price Cap Policy

SDG&E's interpretation of the baseline PCIA rate for calculating the $0.005/kWh PCIA rate cap contorts the plain language of Decision ("D.") 18-10-019, which seeks to ensure "rate stability and predictability."[6] SDG&E's interpretation, which diminishes the impact of the rate cap such that neither rate stability nor predictability is achieved, thus runs counter to the very policy purpose that led the Commission to adopt the price cap in the first place.

As discussed in SDCP and CEA's Opening Brief, SDG&E takes the position that it should use the rates *in effect* at the end of 2020 as the base rate upon which to establish the 2021 PCIA half-cent cap.[7] In other words, SDG&E asserts that if the Commission grants its trigger application (filed in A.20-07-009 on July 10, 2020), which would temporarily raise the PCIA in 2020 (for residential 2015 vintaged customers) from $0.03205/kWh to $0.49976, then the half cent cap should apply to the temporary trigger rate. Under this approach, the basis for the capped PCIA rate for 2021 would be set at $0.50476, instead of $0.03705, but this proposal results in an 1,459% increase over the approved 2020 PCIA—a far cry from the rate stability and predicitability intended when the Commission issued D.18-10-019.[8]

---

[6] D.18-10-019, *Decision Modifying the Power Charge Indifference Adjustment* Methodology, p. 3 (October 19, 2018).
[7] SDCP and CEA Opening Brief at pp. 12-16.
[8] Exh. SDCP-07, SDG&E CAPBA Response to SDCP DR 3.26; Exh. SDCP-16, CONFIDENTIAL – PCIA Model_2020 CAPBA Trigger 3 Mo._Gen Rev Alloc_Fuhrer.xlsx.

SDG&E's claim that its approach "makes sense" because "not using the current effective PCIA rates as the basis for the cap would set 2021 PCIA Rates at an *artificially low level*."[9] However, this argument completely ignores that the very purpose of the cap—which by definition is an artificial limit on price— is in fact to keep PCIA rates at an "artificially low level" because doing so "promotes certainty and stability for all customers within a reasonable planning horizon."[10]

Similarly, SDG&E argues that not using the rates resulting from its trigger application to set the half cent PCIA cap would result in a CAPBA balance that would "be in a perpetual state of undercollection and repeated triggers."[11] SDG&E assumes that is "not what the Commission intended in D.18-10-019."[12] Yet, a plain reading of D.18-10-019 supports the opposite conclusion. In fact, the Commission revealed that it was not aiming to avoid perpetual undercollections and specifically found "that repayment of undercollections with interest is consistent with our statutory obligation to protect against cost shifts."[13]

SDG&E's argument that SDCP and CEA's proposal creates an "artificially low level" that is apt to "increase the likelihood"[14] that the cap will be hit is also unavailing because the Commission created the trigger mechanism to account for this very likelihood.[15] As stated in D.18-10-019, temporary undercollections are not a concern since they will be trued-up and re-paid (with interest) under the trigger mechanism.[16] Further underscoring the purpose of providing rate stability, the Commission requires that, under this trigger mechanism, an investor-owned utility

---

[9] SDG&E Opening Brief, p. 14 (emphasis added).
[10] D.18-10-019, Finding of Fact 18.
[11] SDG&E Opening Brief, p. 14.
[12] *Id.*
[13] D.18-10-019, p. 87.
[14] SDG&E Opening Brief, p. 14.
[15] D.18-10-019, pp. 85-86.
[16] *Id.*

must file an expedited rate application, where needed, to bring any undercollection *below* 7% of the PCIA rate; the Commission does not specify that the balance be brought down to zero.[17] In other words, the trigger mechanism does not seek to avoid *any* undercollections, only those above 7%.

Moreover, the Commission recognized and intended that any rates set via a utility's trigger application are intended to be only temporary, and that the utility would revert to the baseline rate set in an EERA forecast proceeding when the CAPBA balance falls below 7%. In D.18-10-019, the Commission clearly instructed that a trigger application "shall propose a revised PCIA rate that will bring the projected account balance below 7% and maintain the balance below that level *until January 1 of the following year, when the PCIA rate adopted in that utility's ERRA forecast proceeding will take effect*."[18] Setting the half cent PCIA rate cap based on temporary trigger rates makes little sense if the goal of the cap and trigger mechanism is to promote certainty and stability of the PCIA.

SDG&E also claims that its proposed approach "is consistent with how SDG&E treats all rate changes," but it provides absolutely no support for this statement.[19] Moreover, even if SDG&E's claim were supported by evidence, the point is irrelevant given that PCIA rates are very specifically proscribed by the Commission and through a methodology that is generally applicable to all investor-owned utilities and not just SDG&E. Thus, the question is not how SDG&E treats its other non-specified rates, but rather, whether its proposal to set the PCIA rate cap in this proceeding is consistent with Commission direction.

---

[17] *Id*. at 87.
[18] *Id*. (emphasis added).
[19] SDG&E Opening Brief, p. 14.

Finally, SDG&E contends that this issue is "premature and not ripe for adjudication in this year's ERRA Application" anyhow because SDG&E will not be able to implement its new PCIA rates until January 1, 2021.[20] While it may be true that SDG&E's trigger application will not be decided until after a decision issues in this docket, that fact is unknown at this time. If a decision issues sooner and the Commission fails to address this issue in this proceeding, then SDG&E and other parties will lack guidance on the proper capped rates. Even if the issue does not arise this year due to timing issues, the Commission should nevertheless direct SDG&E on the proper methodology for setting capped PCIA rates in future ERRA forecast proceedings.

ii. SDCP and CEA Appreciate SDG&E's Commitment to Correcting its PCIA Calculation Error.

SDCP and CEA appreciate SDG&E's commitment to correcting two errors contained in the testimony of SDG&E witness Stacy Fuhrer.[21] SDCP and CEA look forward to receiving the corrected calculations in the November Update and confirming their accuracy.

J. SCOPING ISSUE NO. 10 – Whether the Commission should approve SDG&E's proposed 2021 rate components for the Green Tariff Shared Renewables Program.

In its Opening Brief and again in subsequent discovery responses, SDG&E admits that the weighted average price for energy procured from the GT Interim Pool (hereafter termed "GT Interim Pool Price") has not been modified since it was calculated in 2016.[22] SDG&E's failure to include the annually varying contract prices for these resources within the GT Interim Pool, as well as its failure to annually update the GT Interim Pool Price, is directly contrary to the unequivocal Commission requirement that "…GTSR rates should be updated annually."[23] The

[20] *Id*. at 14.
[21] *Id*. at 15.
[22] *Id*. at 18; Exh. SDCP-43, SDG&E Response to SDCP DR 9.1.
[23] D.15-01-051, Conclusion of Law Number 53.

Commission should direct SDG&E to annually update the GT Interim Pool Price along with the other components of the GTSR rates in accordance with D.15-01-051. This is especially true given the extensive use of the Interim Pool.[24]

GT Interim Pool resources routinely account for the majority of generation procured for SDG&E's GT program. In fact, GT Interim Pool resources accounted for 84% and 68% of total generation procured for the GT program in 2018 and 2019, respectively.[25] Additionally, in 2018 and 2019, GT Interim Pool resources that have escalating year-over-year contract energy prices accounted for 46% and 38% of total GT Interim Pool generation, respectively.[26]

SDG&E admits in response to SDCP DR 9.3d that "[t]he escalation in the contracts is not specifically included in the GT Interim Pool price."[27] As confirmed in subsequent diocovery, this means that SDG&E has ignored the fact that each of the underlying PPAs that serve the GT Interim Pool escalates in each year of the PPA.[28] Not accounting for these price increases artificially deflates SDG&E's GTSR rates below their actual costs. Under-pricing the GTSR Interim Pool resources thus improperly shifts GTSR costs onto non-GTSR customers in violation of Commission direction and state law.[29] It would also allow SDG&E to offer a competing green energy product an unreasonably low and unfairly subsidized rate to those customers that are eligible for CCA service. To its credit, SDG&E has agreed to update the GT Interim Pool Price

---

[24] Exh. SDCP-45, SDG&E Supplemntal Response to SDCP DR 9.3(d).
[25] *Compare* Exh. SDCP-37, SDG&E Response to SDCP DR 5.4b *with* Exh. SDCP-46, SDG&E Response to SDCP DR 7.03. (To calculate the annual percent of total GT generation provided by GT Interim Pool resources alone, we divided total GT Interim Pool generation (provided in Exh. SDCP-37) by the sum of total Midway generation (provided by Exh. SDCP-46) and total GT Interim Pool generation.)
[26] *Id.*
[27] Exh. SDCP-45, SDG&E Supplemental Response to SDCP 9.3(d).
[28] Exh. SDCP-45, SDG&E Supplemental Response to SDCP 9.3(d).
[29] D.15-01-051; 2013 Bill Text CA S.B. 43 (Wolk), codified at Cal Pub Util Code § 2831 ("It is the further intent of the Legislature that a green tariff shared renewables program be implemented in a manner that ensures nonparticipating ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers.").

in its November Update to reflect the PPA cost escalators.[30] The Commisison should ensure the updated GTSR Interim Pool costs along with the other components of the GTSR rates are in accordance with D.15-01-051.

III. CONCLUSION

For the foregoing reasons, SDCP and CEA request that the Commission reject SDG&E's misapplication of the PCIA rate methodology and instead apply the PCIA cap in a manner that is consistent with established Commission policy, and should further direct SDG&E to update its GTSR rate components in the November Update.

Respectfully submitted,

Jacob Schlesinger
Tim Lindl
Keyes & Fox LLP
1580 Lincoln St. Suite 880
Denver, CO 80203
Phone: (970) 531-2525
Email: jschlesinger@keyesfox.com

Counsel to San Diego Community Power and Clean Energy Alliance

October 23, 2020

[30] Exh. SDCP-45, SDG&E Supplemental Response to SDCP 9.3(d).

Clay Faber - Director
Federal & CA Regulatory
8330 Century Park Court
San Diego, CA 92123

cfaber@sdge.com

September 9, 2020

ADVICE LETTER 3602-E / 2902-G
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: Implementation of San Diego Gas & Electric Company's Arrearage Management Payment (AMP) Plan in Compliance with D.20-06-003

San Diego Gas & Electric Company (SDG&E) hereby submits this filing to the California Public Utilities Commission (Commission) for approval of modifications to its electric and gas tariffs as shown in Attachments A and B.

PURPOSE

The purpose of this Advice Letter (AL) is to comply with Ordering Paragraphs (OP) 83 and 87 of Decision (D.) 20-06-003 (Decision), issued on June 16, 2020, as follows:

1) Pursuant to OP 83, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and SDG&E, collectively (IOUs) must each file a Tier 2 AL within 90 days of this decision to implement their Arrearage Management Payment (AMP) plan for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) residential customers.

2) Pursuant to OP 87, the IOUs shall, in the Tier 2 AL implementing the AMP Plan, propose a resolution to address California Community Choice Association's (CalCCA) concern related to the allocation of proportional debt recovery.

BACKGROUND

On September 28, 2017, Governor Brown signed Senate Bill (SB) 598 into law. Among other things, SB 598 requires the Commission to develop rules, policies or regulations with a goal of reducing the statewide disconnection rate of gas and electric utility customers by January 1, 2024.

On December 13, 2018, the Commission adopted the interim rules in D.18-12-013, which set forth various emergency interim measures to reduce the number of residential customer disconnections and to improve the reconnection processes for disconnected customers.

On April 16, 2020, in response to the novel Coronavirus pandemic, COVID-19, the Commission issued Resolution M-4842, directing the utilities to implement applicable Emergency Customer

Protections through April 16, 2021. The Emergency Customer Protections include a disconnection moratorium for all residential and small business customers. Additionally, SDG&E proposed a temporary *pro-rata* allocation method for partial payments from CCA customers through April 16, 2021. At the conclusion of the Emergency Customer Protections, SDG&E will revert to the CCA payment allocation method described in its tariffs.

Pursuant to SB 598, on June 11, 2020, the Commission issued D.20-06-003, the Phase 1 Decision adopting rules and policy changes designed to reduce the number of residential customer disconnections for the Investor Owned Utilities. This Decision, among other things, adopts and makes permanent with modifications the Interim Rules Decision and provides additional customer protections. The Decision also establishes the creation of Arrearage Management Payment (AMP) plans administered by the IOUs (AMP program). Through the AMP program, the IOUs are directed to forgive up to $8,000 of eligible customers' outstanding arrearages as they make on-time monthly payments over the course of 12 months. D.20-06-003 directs the creation of an AMP Working Group comprised of the IOUs, Energy Division, TURN, CCAs and interested parties to discuss details and to reach consensus on the rollout of their proposed AMP plans. The IOUs were further directed to address CalCCA's concerns regarding allocation and recovery of forgiven AMP arrearages for CCA customers during the working group process.

The Decision directs the IOUs to file a Tier 2 advice letter within 90 days of the Decision implementing the AMP and proposing a resolution to address allocation and recovery of CCA AMP-related debt forgiveness. This Advice Letter complies with OP 83 to establish an AMP Plan and OP 87 to propose a resolution to address CCA recovery of customer debt forgiven through the AMP.

AMP IMPLEMENTATION

Timing of Implementation

As a result of the ongoing discussions with the working group, on August 13, 2020, Energy Division issued a letter stating its interpretation that, despite the ongoing COVID-19 Emergency Customer Protections through April 16, 2021, the Decision required implementation of the AMP prior to the end of the Customer Protections period. Energy Division strongly encouraged the IOUs to develop and propose a 2020 AMP implementation date. Pursuant to Energy Division's letter, SDG&E is proposing to implement AMP on the latter of 1) 90 days post-Energy Division's letter dated August 13, 2020, or 2) 45 days after approval of this Advice Letter. This implementation timing permits SDG&E to implement the AMP consistent with Energy Division's direction, and to make any necessary operational changes as directed by Energy Division after Advice Letter approval.

Manual Implementation

As discussed in the working group process, SDG&E is in the process of deploying its new Customer Information System (CIS),[1] scheduled to go online in April 2021. The new CIS is a comprehensive system replacement to improve and support SDG&E's critical business

[1] SDG&E applied for authority to replace its legacy CIS system in A.17-04-027. The CIS replacement was approved by the Commission in August 2018 in D.18-08-008.

processes and customer engagement functions, and is the product of over three years of effort by SDG&E employees and contractors. At this stage, the CIS replacement requires a system freeze of SDG&E's legacy billing system until the new CIS goes live next year. The system freeze is required to ensure a stable transition and minimize overall risk and customer impact, as SDG&E transitions from its legacy system to the new CIS. Because of the system freeze through April 2021, to implement AMP prior to the CIS "go-live," SDG&E will implement AMP on an entirely manual basis. This will require additional resources, AMP specialists, and lead to additional costs. It is unknown to SDG&E at this time how many customers will sign up for AMP, however, SDG&E currently estimates that approximately 20,000 to 25,000 customer accounts in SDG&E's service territory could be eligible for AMP. The additional program resources for the manual implementation will perform eligibility checks, customer education, calculation and processing of debt forgiveness, processing of monthly acknowledgement correspondence, tracking, and overall program management. AMP specialists will also be responsible for providing on-going support to customers during the AMP program. Due to the manual nature of this process, there will be some limitations to implement the AMP program in 2020. For example, SDG&E is unable to make changes to customer bills at this time, therefore, the bill for an AMP enrolled customer account may not identify AMP until after the new CIS is deployed. Further, all reporting will be done manually through spreadsheets. Reporting is described further below.

<u>AMP Criteria</u>

Per D.20-06-003, the AMP Plan is a debt forgiveness payment plan option available to assist eligible CARE and FERA residential customers who meet specific eligibility criteria as described below. Upon customer enrollment in the AMP, $1/12^{th}$ of a specific outstanding balance will be forgiven after the customer makes each on-time monthly payment of their current charges.

1. AMP Plan Eligibility and Enrollment Criteria

   The AMP Plan is available to an individually metered, bundled and unbundled residential customer account that is currently enrolled in CARE and/or FERA (Eligible Customer).

   An Eligible Customer may elect to participate in the AMP Plan if they meet the following conditions:

   a. The Eligible Customer has past due arrearages greater than $500 for electric and $250 for gas only customers;

   b. The Eligible Customer has an arrearage at least 90 days of age or older; and,

   c. An Eligible Customer must be a customer of the utility for at least 6 months, and have made at least one (1) full on-time payment of that months' current charges by that month's payment due date within the last 24 months.[2]

2. AMP Plan Forgiveness

   a. Once an Eligible Customer is enrolled in the AMP Plan (AMP Participant), 1/12 of the AMP Participant's debt will be forgiven, up to a maximum of $8,000 (AMP Amount) per AMP, after each on-time payment of the current month's charges.

---

[2] When SDG&E transitions to the new CIS in April 2021, SDG&E will waive this requirement until 24 months' worth of customer payment data is available in its new CIS. The new CIS is converting 13 months of historical data at the time of deployment in April 2021.

b. After twelve on-time payments of the current month's charges, the AMP Participant's AMP Amount debt will be forgiven. This is considered successful completion of the AMP Plan.
    a. After successful completion of the AMP Plan, any remaining arrearage (in excess of the $8,000 forgiven per AMP) is owed to the utility and may be eligible for a payment plan.

c. Any payment received, including Low Income Home Energy Assistance Program (LIHEAP) pledge payments, shall be applied towards the AMP Participant's current bill only and will not be applied to any AMP Arrearage Amount. If a payment is received in excess of current month's charges, the excess will be applied to future charges.

d. An AMP Participant will receive an acknowledgment of on-time payment received at three (3), six (6), and nine (9) months of participation in the AMP Plan.

e. An AMP Participant can miss up to two non-sequential payments if the customer makes up the payment on the next billing due date with an on-time full payment of both the current and missed payments.

f. An AMP Participant who misses two sequential payments shall be removed from the AMP Plan. An AMP Participant removed from the AMP Plan may re-enroll after completing a 12-month waiting period, which begins the first month after the eligible customer drops out of the AMP. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant is removed from the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan.

g. An AMP Participant, who drops out of the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after dropping out from the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant drops out from the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan.

h. An AMP Participant, who successfully completes the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after successful completion of the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria.

i. All bundled charges forgiven will be recorded to the residential uncollectible balancing account (RUBA).

j. California Hub for Energy Efficiency Financing (CHEEF) and On Bill Financing (OBF) charges will not be eligible for forgiveness in the AMP Plan.

k. To make current monthly charges more predictable, an AMP Participant can request to participate in LPP while participating in the AMP Plan.

Pursuant to OP 5, SDG&E will provide annual AMP reporting related to OPs 70-82 of D.20-06-003 beginning in 2022.

Proposed Marketing and Customer Outreach

Pursuant to Resolution M-4842, SDG&E will continue the disconnection moratorium for residential and small business customers through April 16, 2021. SDG&E will take the following initial steps to provide outreach efforts to enroll eligible customers in the AMP Program.[3]

In order to help customers avoid disconnection and manage unpaid arrearages, SDG&E plans to reach customers in a variety of channels.

At program inception, to ensure information is available and easy to find, AMP requirements, benefits, and FAQ's will be posted on SDG&E's website on relevant assistance pages. Additionally, a communication will be sent to current CARE/FERA customers, to provide awareness of the AMP program and their eligibility. Customers will be directed to call the Customer Care Center (CCC) to speak with an Energy Service Specialist (ESS) with questions and help to enroll, as needed.

Prior to the conclusion of the disconnection moratorium, collection notices will be updated to include general information about AMP benefits and requirements. Current marketing and outreach efforts to eligible CARE/FERA customers will be reviewed to determine where secondary AMP messaging can be included to help raise awareness for at-risk customers. As space permits, secondary messaging about AMP and payment arrangements will be promoted through communication channels such as printed material, email and the SDG&E bill package, as well as through social media channels.

Relevant AMP information will be also provided to community partners and CBOs that serve the most at-risk customers to help communicate program benefits and requirements. As trusted partners to vulnerable populations, these organizations are well positioned to help describe the program in terms that the customers will understand, especially for non-English speaking customers or members of the community who speak English as a second language. AMP enrollment materials will be also be available in multiple languages, as required.

In early 2021 SDG&E will send an outreach communication to residential customers informing them that Emergency Customer Protections are ending and explaining their options for financial assistance, including AMP.

IOU's Response to CalCCA's Proposed Cost Recovery/Allocation Solutions (OP 87):

D.20-06-003 directs the IOUs to offer AMP plans for all eligible CARE/FERA customers, and to forgive those customers arrearages upon receiving on-time payments. CalCCA actively participated in the Rulemaking to address the impacts of the new disconnection policies, rules, and procedures, including AMP, on the CCAs. To address the potential impact on CCA uncollectibles for CCAs that choose to participate in AMP, the Commission directed the IOUs to address the issues of concern related to proportional recovery raised by CalCCA during the working group and propose a resolution in this Advice Letter. During the working group

[3] Distribution of marketing and outreach materials will coincide with the AMP implementation date. Pursuant to Energy Division's letter, SDG&E is proposing to implement AMP on the later of 1) 90 days post-Energy Division's letter dated August 13, 2020, or 2) 45 days after approval of this Advice Letter.

process, CalCCA proposed options to address the impacts of AMP debt forgiveness on CCAs who opt to participate in the program. CalCCA's "Option A" proposed that the IOUs track all customer debt forgiven through the AMP program—including CCA customer debt related to commodity costs—and recover that debt on behalf of both the IOUs and the CCAs through the utilities' Public Purpose Program (PPP) charge. SDG&E agrees with CalCCA's "Option A" and proposes to track all debt forgiven through the AMP Plan for both bundled and unbundled customers, including CCA commodity-related debt forgiven. SDG&E further proposes to recover the forgiven debt through the utility's PPP charge, including the commodity-related CCA charges to its participating CCAs.[4] This collection and payment allocation method will apply only to debt forgiven for eligible CARE/FERA customers through the AMP program. Therefore, SDG&E's Rule 27 will not change, and at the conclusion of the COVID-19 Emergency Customer Protections, SDG&E will continue to follow the payment allocation method outlined in Rule 27.

SDG&E's proposed utility charge recovery of AMP costs is consistent with the public purpose nature of the AMP Program. D.20-06-003 establishes AMP as a social program to address those most in need, specifically low-income customers enrolled in CARE/FERA. SDG&E's proposed cost recovery through the PPP charge is similar to SDG&E's CARE/FERA discount program, which is also recovered via the PPP. SDG&E proposes to recover AMP costs via PPP from all customers on an equal cent per kilowatt hour charge based on authorized sales. SDG&E's proposed "Option A" recovery method resolves the cost recovery issue addressed by CalCCA and it facilitates CCA participation in the AMP program.

Absent express notice of a CCA's decision to participate in the AMP Plan, SDG&E does not have the authority or ability to forgive the commodity-related arrearages of CCA customers. Therefore, for unbundled customers to have CCA charges forgiven in the AMP Plan, the CCA must elect to participate in the AMP Plan. If the CCA does not elect to participate, SDG&E may only forgive the utility charges through its AMP. Therefore, SDG&E requests that participating CCA's provide SDG&E reasonable notice that the CCA is electing to participate in the AMP. To that end, SDG&E proposes a 45 day notice period from participating CCAs, after which CCA customers would be eligible for forgiveness of commodity-related costs through the AMP. If a CCA subsequently chooses to discontinue the AMP Plan for commodity costs, SDG&E proposes a 60 day notice period, after which CCA customers enrolling in AMP will not be considered eligible for forgiveness of CCA commodity costs. Additionally, if a CCA decides to discontinue the AMP Plan, any CCA customers already enrolled in the AMP program will remain eligible for the full AMP Amount debt forgiveness of both utility and CCA commodity debts. SDG&E believes it is reasonable for the customers who have relied on the AMP Plan and remain in good standing to continue forgiveness of debt, mid-program, if the CCA decides to terminate the program early. CCA customers enrolled in AMP after a CCA elects not to participate in the AMP program will remain eligible for forgiveness of utility arrearages.

SDG&E proposes that the same processes regarding AMP availability, election to participate, the noticing periods, and cost recovery through PPP, apply for load serving entities (LSEs) for whom SDG&E provides unbundled customer billing for non-commodity utility related charges.

---

[4] SDG&E is proposing the aforementioned method to address recovery of CCA debt forgiven through AMP pursuant to OP 87 of D.20-06-003. Consistent with OP 98 and Commission General Order 96-B, Section 5.1(1), SDG&E submits that submission of this proposal is merited through a Tier 2 advice letter. However, given the rate impacts associated with the proposal, the Option A proposal may require approval through a Commission Resolution.

Consistent with this proposal, and pursuant to OP 91 of D.20-06-003, SDG&E will propose the aforementioned cost recovery regarding AMP uncollectibles in a separate Tier 2 AL establishing SDG&E's residential uncollectible balancing account (RUBA), as required by D.20-06-003.

Response to CCA Requests For Additional Data Sharing

On Friday, August 28, 2020, at the 4th AMP Working Group, CalCCA requested additional reporting from the IOUs.

SDG&E does not intend to deviate from any of the reports currently provided to its CCAs. The Decision does not specifically require the IOUs to provide this account-specific data or reporting to the CCAs on an ongoing basis, however, SDG&E will work with our CCAs to provide data that they feel they need to successfully facilitate eligible customers into AMP and provide customers with ongoing support. As previously noted, SDG&E is undergoing a generational upgrade to its CIS system, so much of the data requested by CalCCA would have to be provided on a manual basis until the new CIS is operational. The manual nature of the work limits SDG&E's ability to provide certain information on the timeframes requested. SDG&E is unable to provide the AMP-related reporting requested by CalCCA on a weekly basis. SDG&E is looking into whether it could provide reporting on a monthly basis after the CIS replacement. SDG&E further notes that its two Joint Powers Authorities (JPAs) are not scheduled to begin service until mid-2021. SDG&E will work with its current CCA, Solana Energy Alliance, to accommodate data requests prior to implementation of the new CIS system.

Net Energy Metering (NEM) Customers

During the 4th AMP Working Group, the parties agreed that AMP eligibility and treatment for all NEM customers[5] would be deferred until a later date. Thus, SDG&E does not have a proposal at this time.

Proposed Electric Tariff Modifications:

Rule 1 – Definitions

ARREARAGE MANAGEMENT PAYMENT (AMP) PLAN: AMP is a debt forgiveness payment plan. See also Rule 9.

Rule 9 – Rendering and Payment of Bills

H. Arrearage Management Payment (AMP) Plan

Per D.20-06-003, the AMP Plan is a debt forgiveness payment plan option available to eligible customers. Upon customer enrollment in the AMP, 1/12 of the AMP Participant's debt will be forgiven after each on-time payment of the current month's charges.

1. AMP Plan Eligibility and Enrollment Criteria

[5] SDG&E NEM tariffs include: NEM, NEM-ST, NEM-FC, NEM-V, NEM-V-ST, VNM-A, VNM-A-ST, and VNEM-SOMAH.

The AMP Plan is available to an individually metered, bundled and unbundled residential customer account that is currently enrolled in CARE and/or FERA (Eligible Customer).

For unbundled customers to have CCA charges forgiven in the AMP Plan, the CCA has to elect to participate to the AMP Plan and provide SDG&E reasonable notice. Within 45 days of SDG&E receiving notice that the CCA has opted into the AMP Plan, SDG&E will consider the CCA customers commodity-related charges eligible for forgiveness through the AMP Plan. If the CCA does not elect to participate, only utility charges will be forgiven.

The AMP Plan is not available to NEM customers (NEM customers include customers participating in NEM, NEM-ST, NEM-FC, NEM-V, NEM-V-ST, VNM-A, VNM-A-ST, and VNEM-SOMAH).

An Eligible Customer may elect to participate in the AMP Plan if they meet the following conditions:

b. An Eligible Customer has past due arrearages greater than $500 for electric;

b. An Eligible Customer has an arrearage at least 90 days of age or older; and,

c. An Eligible Customer must be a customer for at least 6 months, and has made at least one (1) full on-time payment of that months' current charges by that month's payment due date within the last 24 months.

2. AMP Plan Forgiveness

   a. Once an Eligible Customer is enrolled in the AMP Plan (AMP Participant), 1/12 of the AMP Participant's debt will be forgiven, up to a maximum of $8,000 (AMP Amount) per AMP, after each on-time payment of the current month's charges.
      i. AMP Amount is determined at the time of enrollment.

   b. After twelve on-time payments of current month's charges, the AMP Participant's AMP Amount debt will be forgiven. This is considered successful completion of the AMP Plan.
      i. After successful completion of the AMP Plan, any remaining arrearage (in excess of the $8,000 forgiven, per AMP) is owed to the utility and may be eligible for a payment plan.

   c. Any payment received, including Low Income Home Energy Assistance Program (LIHEAP) pledge payments, shall be applied towards the AMP Participant's current bill only and will not be applied to any AMP Amount. If a payment is received in excess of current month's charges, the excess will be applied to future charges.

   d. An AMP Participant will receive an acknowledgment of on-time payment received at three (3), six (6), and nine (9) months of participation in the AMP Plan.

   e. An AMP Participant can miss up to two non-sequential payments if the customer makes up the payment on the next billing due date with an on-time full payment of both the current month's charges and the previous month's past-due bill(s).

   f. An AMP Participant who misses two sequential payments shall be removed from the AMP Plan. An AMP Participant removed from the AMP Plan may re-enroll after completing a 12-month waiting period, which begins the first month after the eligible customer drops out of the AMP. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant is removed from the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan at the time of removal.

g. An AMP Participant, who drops out of the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after dropping out of the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant drops out of the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan at the time of dropping out.

h. An AMP Participant who successfully completes the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after successful completion of the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria.

i. All bundled charges forgiven will be recorded to the Residential Uncollectible Balancing Account (RUBA).

j. CHEEF and OBF charges will not be eligible for forgiveness in the AMP Plan

k. To make current monthly charges more predictable, an AMP Participant can request to participate in LPP while participating in the AMP Plan.

Proposed Gas Tariff Modifications:

Rule 1 – Definitions

ARREARAGE MANAGEMENT PAYMENT (AMP) PLAN: AMP is a debt forgiveness payment plan. See also Rule 9.

Rule 9 – Rendering and Payment of Bills

G. Arrearage Management Payment (AMP) Plan

Per D.20-06-003, the AMP Plan is a debt forgiveness payment plan option available to eligible customers. Upon customer enrollment in the AMP, 1/12 of the AMP Participant's debt will be forgiven after each on-time payment of the current month's charges.

1. AMP Plan Eligibility and Enrollment Criteria

   The AMP Plan is available to an individually metered, bundled and unbundled residential customer account that is currently enrolled in CARE and/or FERA (Eligible Customer).

   An Eligible Customer may elect to participate in the AMP Plan if they meet the following conditions:

   a. An Eligible Customer has past due arrearages greater than $250 for gas only customer;

   b. An Eligible Customer has an arrearage at least 90 days of age or older; and,

   c. An Eligible Customer must be a customer for at least 6 months, and has made at least one (1) full on-time payment of that months' current charges by that month's payment due date within the last 24 months.

2. AMP Plan Forgiveness

   a. Once an Eligible Customer is enrolled in the AMP Plan (AMP Participant), 1/12 of the AMP Participant's debt will be forgiven, up to a maximum of $8,000 (AMP Amount) per AMP, after each on-time payment of the current month's charges.
      i. AMP Amount is determined at the time of enrollment.

b. After twelve on-time payments of current month's charges, the AMP Participant's AMP Amount debt will be forgiven. This is considered successful completion of the AMP Plan.
    i. After successful completion of the AMP Plan, any remaining arrearage (in excess of the $8,000 forgiven, per AMP) is owed to the utility and may be eligible for a payment plan.

c. Any payment received, including Low Income Home Energy Assistance Program (LIHEAP) pledge payments, shall be applied towards the AMP Participant's current bill only and will not be applied to any AMP Amount. If a payment is received in excess of current month's charges, the excess will be applied to future charges.

d. An AMP Participant will receive an acknowledgment of on-time payment received at three (3), six (6), and nine (9) months of participation in the AMP Plan.

e. An AMP Participant can miss up to two non-sequential payments if the customer makes up the payment on the next billing due date with an on-time full payment of both the current month's charges and the previous month's past-due bill(s).

f. An AMP Participant who misses two sequential payments shall be removed from the AMP Plan. An AMP Participant removed from the AMP Plan may re-enroll after completing a 12-month waiting period, which begins the first month after the eligible customer drops out of the AMP. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant is removed from the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan at the time of removal.

g. An AMP Participant, who drops out of the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after dropping out of the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria. If an AMP Participant drops out of the AMP Plan, the remaining arrearage will be owed to the utility and may be eligible for a payment plan at the time of dropping out.

h. An AMP Participant who successfully completes the AMP Plan, may re-enroll after completing a 12-month waiting period, which begins the month after successful completion of the AMP Plan. Re-enrolling in the AMP Plan requires an Eligible Customer to meet AMP Plan Eligibility and Enrollment Criteria.

i. All bundled charges forgiven will be recorded to the Residential Uncollectible Balancing Account (RUBA).

j. CHEEF and OBF charges will not be eligible for forgiveness in the AMP Plan

k. To make current monthly charges more predictable, an AMP Participant can request to participate in LPP while participating in the AMP Plan.

EFFECTIVE DATE

SDG&E believes this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to OPs 83 and 87 of D.20-06-003 and General Order 96-B. Consistent with OP 98 and Commission General Order 96-B, Section 5.1(1), SDG&E submits that submission of the Option A proposal is merited through a Tier 2 advice letter. However, given the rate impacts associated with the proposal, the Option A proposal may require approval through a Commission Resolution. Pursuant to the agreement reached during the fourth AMP Working Group, SDG&E respectfully requests that this submittal be approved for implementation on the later of 1) 90 days post-Energy Division's letter dated August 13, 2020, or 2) 45 days after approval of this Advice Letter.

PROTEST

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than September 29, 2020, which is 20 days after the date this Advice Letter was submitted with the Commission. There is no restriction on who may submit a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via e-mail to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Greg Anderson
Regulatory Tariff Manager
E-mail: GAnderson@sdge.com and
SDGETariffs@sdge.com

NOTICE

A copy of this submittal has been served on the utilities and interested parties shown on the attached list, including interested parties in R.18-07-005, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by email to SDG&ETariffs@sdge.com.

/s/ Clay Faber

CLAY FABER
Director – Federal & CA Regulatory

Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

CFaber@sdge.com

October 6, 2020

Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: **San Diego Gas & Electric's (SDG&E) Reply to Protest of SDG&E Advice Letter 3602-E/2902-G**

Pursuant to General Order (GO) 96-B, San Diego Gas & Electric (SDG&E) hereby replies to the Protest of California Community Choice Association (CalCCA) to SDG&E Advice Letter (AL) 3602-E/2902-G.

BACKGROUND

On September 9, 2020, SDG&E submitted a Tier 2 AL, Advice Letter 3602-E/2902-G, requesting California Public Utilities Commission (Commission or CPUC) approval for SDG&E's modifications to its electric and gas tariffs in compliance with Ordering Paragraphs (OP) 83 and 87 of Decision (D.) 20-06-003.

AL 3602-E/2902-G proposes to implement SDG&E's Arrearage Management Payment (AMP) plan for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) residential customers as well as a resolution to address CalCCA's concern related to the allocation of proportional debt recovery.

On September 29, 2020, CalCCA served a timely protest to SDG&E AL 3602-E/2902-G and Southern California Edison's AL 4287-E to SDG&E.

SUMMARY OF CALCCA'S PROTEST

CalCCA states that while the AL adequately addressed the requirements established in D.20-06-003, they request the following clarification from SDG&E:

1. The AL should clarify how often SDG&E plans to remit amounts recovered for generation-related arrears to the CCA.
2. SDG&E should be required to provide program information at intervals requested by the CCAs, and SDG&E should clarify what customer information it will provide CCAs that participate in the AMP.

SDG&E'S RESPONSE

1. **SDG&E intends to remit amounts recovered for generation-related arrears to the CCAs on a monthly basis upon CPUC approval of rate recovery**.

SDG&E intends to remit amounts recovered for forgiven generation-related arrears to the CCAs on a monthly basis after those costs are recovered in CPUC-approved rates. AMP costs will be tracked intra-year and SDG&E will request recovery of those costs in its annual Public Purpose Programs (PPP) filing by October 1 of each year. After receiving Commission approval for recovery, SDG&E will implement the costs into PPP rates as of January 1 of the following year. As SDG&E recovers AMP costs—including costs related to forgiven generation-related arrears—in its PPP rates, the CCAs will receive their portion on a monthly basis, consistent with how SDG&E will be collecting those costs from customers through rates. As such, the CCAs will be receiving recovery at the same time as SDG&E does through CPUC approved rates.

SDG&E charges commodity charges and remits those charges to CCAs on a daily basis. Remitting the generation-related arrears that are forgiven through AMP on the same schedule, however, is not practicable because the Commission must first approve recovery of those AMP costs for both the utility and the CCAs through PPP rates. Additionally, remitting recovery of AMP generation-related costs on a daily basis is unreasonable because customer bill cycles vary, thus recovery of the arrearage forgiveness will vary as well. Remitting CCA AMP recovery on a monthly basis, after Commission approval of recovery, is the consistent, reasonable, and feasible option to achieve implementation of SDG&E's proposal.

2. **SDG&E will continue to work with CCAs in SDG&E's service territory to address data reporting concerns**.

    a. Manual Implementation Period

SDG&E understands CalCCA's request for the six categories of information outlined in their protest. As SDG&E noted in AL 3602-E/2902-G, "SDG&E will work with our CCAs to provide data that they feel they need to successfully facilitate eligible customers into AMP and provide customers with ongoing support."[1] SDG&E remains in the process of deploying its new Customer Information System (CIS), scheduled to go online in April 2021. At this stage, the CIS replacement requires a system freeze of SDG&E's legacy billing system until the new CIS goes live next year. The system freeze is required to ensure a stable transition and minimize overall risk and customer impact, as SDG&E transitions from its legacy system to the new CIS. As described in its advice letter, SDG&E is implementing its AMP on a manual basis to meet the deadlines mandated by D.20-06-003 and Energy Division's August 13, 2020 letter encouraging the utilities to implement AMP in 2020. Thus, the associated reports provided to the CCAs will also have to be created on a manual basis. Additionally, the current CIS produces files on a monthly basis, so SDG&E would be unable to quantify the information requested by CalCCA on a daily or weekly basis.

SDG&E currently has one CCA, Solana Energy Alliance (SEA), in its service territory. Prior to May 2021, when Clean Energy Alliance (CEA) comes online and merges with SEA, there will be very few residential CCA customers eligible for AMP. SDG&E has begun discussions with SEA to address the AMP program and AMP-related data for the small number of eligible customers.

[1] AL 3602-E/2902-G at 7.

During this initial launch of AMP, SDG&E proposes to provide the six items outlined in CalCCA's protest to SEA on a monthly basis, due to the small number of eligible SEA AMP customers, and because SEA customers are generally in the same two billing cycles.[2] As such, weekly reports are unnecessary and overly burdensome, because customer billing and payment activities occur once per month.

b. CCA AMP Reporting in the New CIS

After SDG&E's new CIS goes live, SDG&E will continue to provide information consistent with its current reports, as noted in AL 3602-E/2902-G.[3] In May 2021, CEA will come online with a larger residential customer base and more CCA customers will be eligible for AMP. San Diego Community Power (SDCP), is also scheduled to come online in 2021, with residential customer enrollment scheduled to begin in early 2022. Prior to these transitions, SDG&E will continue its discussions with CEA and SDCP to address the AMP program and related data reporting requests. These discussions will address the individual CCA's data requests as well as the concerns expressed by CalCCA, to facilitate an efficient AMP program for both the utility and participating CCAs. SDG&E believes this ongoing dialogue is the best avenue to address the needs of its new CCAs as they come into service.

CONCLUSION

SDG&E respectfully provides this Reply to CalCCA's protest and requests that the Commission approve Advice Letter 3602-E/2902-G as submitted.

Sincerely,

/s/ Clay Faber
Clay Faber
Director – Regulatory Affairs

cc: AdviceTariffManager@sce.com
Karyn.Ganseki@sce.com
shawndai@cal-cca.org
EDTariffUnit@cpuc.ca.gov
Service List R.18-07-005

[2] These manual reports will be provided separately from other CCA data reports provided by SDG&E.
[3] AL 3602-E/2902-G at 7.

Clay Faber - Director
Regulatory Affairs
8330 Century Park Court, CP32F
San Diego, CA 92123-1548

cfaber@sdge.com

May 11, 2020

ADVICE LETTER 3540-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: UPDATE OF COMMUNITY CHOICE AGGREGATOR FINANCIAL SECURTY REQUIREMENTS FOR MAY 2020 PURSUANT TO DECISION 18-05-022

PURPOSE

In compliance with California Public Utilities Commission (Commission) Decision (D.) 18-05-022, San Diego Gas & Electric Company (SDG&E) is submitting its advice letter updating the financial security requirement (FSR) for community choice aggregators (CCAs) in its service area. The FSR is designed to cover the incremental administrative and procurement costs resulting from an involuntary return of CCA customers to utility bundled service.

In accordance with the direction provided in D.18-05-022, the CCA FSR calculations will be updated on May 10 and November 10 of each year.

SDG&E's advice letter (AL) 3259-E establishing the original CCA FSRs pursuant to D.18-05-022 was approved by the Commission on September 14, 2018. However, corresponding updates to SDG&E's Rule 27 governing FSR posting requirements are still pending before the Commission in AL 3257-E.

BACKGROUND

Public Utilities Code (PUC) Section 394.25(e) ensures that existing customers of an electric utility are protected from potential costs resulting from a mass involuntary return of CCA customers to utility service. Those potential costs fall into two categories: 1) the administrative costs incurred by the utility for returning CCA customers to utility service, and 2) the incremental procurement costs incurred by the utility for procuring electricity for the returned customers.

D.18-05-022 implements Section 394.25(e) as it relates to CCAs, which reads:

> *If a customer of an electric service provider or a community choice aggregator is involuntarily returned to service provided by an electrical corporation, any reentry fee imposed on that customer that the commission deems is necessary to avoid imposing costs on other customers of the electrical corporation shall be the obligation of the electric service provider or a community choice aggregator, except in the case of a customer returned due to default in payment or other contractual obligations or because the customer's contract has expired. As a*

> *condition of its registration, an electric service provider or a community choice aggregator shall post a bond or demonstrate insurance sufficient to cover those reentry fees. In the event that an electric service provider becomes insolvent and is unable to discharge its obligation to pay reentry fees, the fees shall be allocated to the returning customers.*

In order to implement this statutory provision, the Commission determined in D.18-05-022 both the amount of the reentry fee required for an involuntary return of CCA customers to utility service and the bond or insurance sufficient to cover the reentry fee in the event of CCA insolvency.[1]

DISCUSSION

In D.18-05-022, the Commission determined that, for the purposes of calculating the FSR, the reentry fee for CCAs includes both utility administrative costs and incremental procurement costs.[2] To calculate the administrative cost component of the CCA FSRs, SDG&E used the per-customer reentry fee for voluntary returns from Schedule CCA.[3] This value is currently set at $1.12 per returning customer.

SDG&E forecasted the incremental procurement cost component of the CCA FSRs using the methodology set forth in the Joint Utilities' direct testimony (Exhibit JU-01, Appendix E),[4] to the extent the methodology is consistent with D.18-05-022.[5] Adjustments made to Appendix E for the purposes of calculating the incremental procurement component of the FSR include the following:[6]

- Forecast incremental procurement costs are based on six months of incremental utility procurement, rather than 12 months as shown in the Joint Utilities' testimony.
- To the extent the calculated incremental procurement cost is negative, the negative procurement costs are allowed to offset up to 100% of the applicable administrative costs, subject to the $147,000 FSR minimum as adopted in D.18-05-022.

The final amount of the FSR for each CCA has been set equal to the sum of the calculated incremental administrative and procurement costs as defined above or $147,000, whichever is greater.

FSR calculations for each CCA in SDG&E's service area are included as Attachment A. As directed in D.18-05-022, SDG&E will update CCA FSR amounts on May 10 and November 10 of each year. Updated CCA FSRs will be submitted via Tier 2 advice letter, and postings will be due on January 1 and July 1, respectively. A deadband will apply when determining whether any adjustments are necessary during the May and November updates to the currently posted CCA FSRs.[7] Concurrent

---

1 Resolution E-4133 provided an interim methodology for calculating the amount of a bond required by Section 394.25(e) that has been used to date.
2 D.18-05-022 at 15.
3 *Id.*
4 The *Joint Utilities' Direct Testimony Proposing A Methodology for Calculating and Implementing the CCA Financial Security Requirement* was submitted in Commission Rulemaking 03-10-003 on July 28, 2017.
5 *Id.* at 7.
6 *Id.* at 15-16.
7 *Id.* at 16.

with each CCA FSR update advice letter, SDG&E will serve by electronic means on each applicable CCA a copy of the advice letter, with the relevant supporting data, redacted of any third party proprietary information, and the calculation of each respective CCA's FSR amount.

D.18-05-022 lists acceptable forms for satisfying the FSR to include letters of credit, surety bonds, and cash held in escrow at a U.S. branch of a commercial bank.[8]

EFFECTIVE DATE

SDG&E believes that this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after disposition) and respectfully requests an approval date of June 10, 2020, 30 days after the date submitted.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than June 1, 2020, which is 20 days of the date this Advice Letter was submitted with the Commission. There is no restriction on who may submit a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of the Energy Division at EDTariffUnit@cpuc.ca.gov. A copy of the protest should also be sent via e-mail to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
E-mail: mcaulson@sdge.com

NOTICE

A copy of this submittal has been served on the utilities and interested parties shown on the attached list, including interested parties in R.03-10-003, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed. Address changes should be directed to SDG&E Tariffs by email to SDGETariffs@sdge.com.

/s/ Clay Faber

CLAY FABER – DIRECTOR
Regulatory Affairs

8 *Id.*

General Order No. 96-B
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

Public Utilities Commission
- Office of Ratepayer Advocates (ORA)
  - R. Pocta
- Energy Division
  - M. Ghadessi
  - M. Salinas
  - L. Tan
  - R. Ciupagea
  - Tariff Unit

CA Energy Commission
- B. Penning
- B. Helft

Advantage Energy
- C. Farrell

Alcantar & Kahl LLP
- M. Cade
- K. Harteloo

AT&T
- Regulatory

Barkovich & Yap, Inc.
- B. Barkovich

Braun & Blaising, P.C.
- S. Blaising
- D. Griffiths

CA Dept. of General Services
- H. Nanjo

California Energy Markets
- General

California Farm Bureau Federation
- K. Mills

California Wind Energy
- N. Rader

City of Poway
- Poway City Hall

City of San Diego
- L. Azar
- J. Cha
- D. Heard
- F. Ortlieb
- H. Werner
- M. Rahman

Clean Energy Renewable Fuels, LLC
- P. DeVille

Clean Power Research
- T. Schmid
- G. Novotny

Davis Wright Tremaine LLP
- J. Pau

Douglass & Liddell
- D. Douglass
- D. Liddell

Ellison Schneider Harris & Donlan LLP
- E. Janssen
- C. Kappel

Energy Policy Initiatives Center (USD)
- S. Anders

Energy Regulatory Solutions Consultants
- L. Medina

Energy Strategies, Inc.
- K. Campbell

EQ Research
- General

Goodin, MacBride, Squeri, & Day LLP
- B. Cragg
- J. Squeri

Green Charge
- K. Lucas

Hanna and Morton LLP
- N. Pedersen

JBS Energy
- J. Nahigian

Keyes & Fox, LLP
- B. Elder

Manatt, Phelps & Phillips LLP
- D. Huard
- R. Keen

McKenna, Long & Aldridge LLP
- J. Leslie

Morrison & Foerster LLP
- P. Hanschen

MRW & Associates LLC
- General

NLine Energy
- M. Swindle

NRG Energy
- D. Fellman

Pacific Gas & Electric Co.
- M. Lawson
- M. Huffman
- Tariff Unit

RTO Advisors
- S. Mara

SCD Energy Solutions
- P. Muller

Shute, Mihaly & Weinberger LLP
- O. Armi

Solar Turbines
- C. Frank

SPURR
- M. Rochman

Southern California Edison Co.
- K. Gansecki

TerraVerde Renewable Partners LLC
- F. Lee

TURN
- M. Hawiger

UCAN
- D. Kelly

US Dept. of the Navy
- K. Davoodi

US General Services Administration
- D. Bogni

Valley Center Municipal Water Distr
- G. Broomell

Western Manufactured Housing Communities Association
- S. Dey

Interested Parties in:
- R.03-10-003

Information redacted is confidential per D.16-08-024, G.O. 66-D, and PU Code §§ 583 and 454.5(g).

SDG&E Advice Letter 3540-E Attachment A - CCA Financial Security Requirement

Solana Energy Alliance

1	Average On-Peak and Off-Peak Forward Price Source	ICE
2	Calculation Month (M)	April-20

3	4	5	6	7	8
Trading Day Average for 6 Months Forward Strip From Month of (M-1)	Average On-Peak Forward Price	Average Off-Peak Forward Price	CCA Load Forecast On-Peak (MWh)	CCA Load Forecast Off-Peak (MWh)	CCA Monthly Peak Demand (MW)
May-20	$ 21.28	$ 18.60	[redacted]	[redacted]	[redacted]
Jun-20	$ 29.69	$ 23.04	[redacted]	[redacted]	[redacted]
Jul-20	$ 48.13	$ 29.24	[redacted]	[redacted]	[redacted]
Aug-20	$ 51.62	$ 31.87	[redacted]	[redacted]	[redacted]
Sep-20	$ 44.01	$ 32.07	[redacted]	[redacted]	[redacted]
Oct-20	$ 36.60	$ 29.37	[redacted]	[redacted]	[redacted]
Nov-20	N/A[1]				[redacted]
Dec-20					[redacted]
Jan-21					[redacted]
Feb-21					[redacted]
Mar-21					[redacted]
Apr-21					[redacted]

9	Forecast CCA Number of Service Accounts (SA)	[redacted]	SA
10	Customer Re-Entry Fee	$ 1.12	Per SA
11	IOU-Specific Line Loss Factor	104.3%	
12	IOU System Average Bundled Service Generation Rate	$ 97.85	Per MWh
13	Prior Period's CCA FSR	$ 147,000	
14	Minimum FSR	$ 147,000	

RPS Cost Forecast Inputs

15	REC Value	$ 17.35	Per MWh
16	RPS Annual Target Percentage	33%	

RA Cost Forecast Inputs

17	RA Planning Reserve Margin (PRM) Requirement	115%	
18	Local RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
19	System RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
20	Annual Peak Demand in TAC Area	4,158	MW
21	Annual Local Capacity Requirement (LCR) in TAC Area	3,888	MW

	Load Forecast Calculation			Load Forecast Calculation Formulas
22	CCA Usage Forecast	[redacted]	MWh	Sum of Columns 6, 7
23	CCA Annual Peak Demand	[redacted]	MW	Max of Column 8 (Lines -)
24	CCA Average Peak Demand	[redacted]	MW	Average of Column 8 (Lines -)

	RA Forecast Calculation			RA Forecast Calculation Formulas
25	CCA Peak Load Share (based on CCA Annual Peak Demand)	[redacted]		Line 23 ÷ 20
26	CCA Local RA Requirement	[redacted]	MW	Line 25 x 21
27	CCA Net System RA Requirement	[redacted]	MW	Line (24 x 17) - Line 26

	Incremental Cost Calculation	Total		Incremental Cost Calculation Formulas
28	Energy Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		[Sum Product of Columns 4, 5, 6, 7] x Line 11
29	RPS Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		Line 15 x 16 x 22 x 11
30	RA Cost Forecast	[redacted]		[(Line 18 x 26) + Line (19 x 27)] x 6 x 1000
31	Forecast Cost of New Procurement	[redacted]		Line 28 + 29 + 30
32	Forecast Revenues (Total Revenues Collected from Returned CCA Customers through the IOU System Average Bundled Service Generation Rate)	[redacted]		Line 12 x 22
33	Incremental Procurement Cost Exposure (Forecast Cost of New Procurement Less Forecast Revenues)	[redacted]		Line 31 - 32
34	Administrative Costs	[redacted]		Line 9 x 10

	Financial Security Requirement Calculation		FSR Calculation Formulas
35	**CCA Financial Security Requirement (FSR) under Section 394.25(e)**	[redacted]	Max [Line 33 + 34, 0]
36	**Final FSR**	[redacted]	Max [Line 35 , Line 14]
37	**Prior Period's CCA FSR**	[redacted]	Line 13
38	**Change Required to CCA FSR**	[redacted]	Line 36 - 37 if 10% and $20,000 deadband threshold is exceeded

Notes:

1. While CCA Monthly Peak demand for 12 months is used to estimate monthly Local RA requirement, only months 1-6 are used to calculate System RA requirement and Forecast Cost of New Procurement.
2. The CCA Load Forecast has been provided by Community Energy Alliance (CEA).
3. May 2020 CCA Monthly Peak Demand (MW) is derived from May 2019 Historical Interval Data and represents the Monthly Max Demand (MW) for active SEA customers.

Information redacted is confidential per D.16-08-024, G.O. 66-D, and PU Code §§ 583 and 454.5(g).

SDG&E Advice Letter 3540-E Attachment A - CCA Financial Security Requirement

San Diego Community Power

1	Average On-Peak and Off-Peak Forward Price Source	ICE
2	Calculation Month (M)	April-20

	3	4	5	6	7	8
	Trading Day Average for 6 Months Forward Strip From Month of (M-1)	Average On-Peak Forward Price	Average Off-Peak Forward Price	CCA Load Forecast On-Peak (MWh)	CCA Load Forecast Off-Peak (MWh)	CCA Monthly Peak Demand (MW)
	May-20	$ 21.28	$ 18.60	[redacted]	[redacted]	[redacted]
	Jun-20	$ 29.69	$ 23.04	[redacted]	[redacted]	[redacted]
	Jul-20	$ 48.13	$ 29.24	[redacted]	[redacted]	[redacted]
	Aug-20	$ 51.62	$ 31.87	[redacted]	[redacted]	[redacted]
	Sep-20	$ 44.01	$ 32.07	[redacted]	[redacted]	[redacted]
	Oct-20	$ 36.60	$ 29.37	[redacted]	[redacted]	[redacted]
	Nov-20	N/A[1]				[redacted]
	Dec-20					[redacted]
	Jan-21					[redacted]
	Feb-21					[redacted]
	Mar-21					[redacted]
	Apr-21					[redacted]
9	Forecast CCA Number of Service Accounts (SA)	[redacted]	SA			
10	Customer Re-Entry Fee	$ 1.12	Per SA			
11	IOU-Specific Line Loss Factor	104.3%				
12	IOU System Average Bundled Service Generation Rate	$ 97.85	Per MWh			
13	Prior Period's CCA FSR	$ -				
14	Minimum FSR	$ 147,000				

RPS Cost Forecast Inputs

15	REC Value	$ 17.35	Per MWh
16	RPS Annual Target Percentage	33%	

RA Cost Forecast Inputs

17	RA Planning Reserve Margin (PRM) Requirement	115%	
18	Local RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
19	System RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
20	Annual Peak Demand in TAC Area	4,158	MW
21	Annual Local Capacity Requirement (LCR) in TAC Area	3,888	MW

	Load Forecast Calculation			Load Forecast Calculation Formulas
22	CCA Usage Forecast	[redacted]	MWh	Sum of Columns 6, 7
23	CCA Annual Peak Demand	[redacted]	MW	Max of Column 8 (Lines -)
24	CCA Average Peak Demand	[redacted]	MW	Average of Column 8 (Lines -)

	RA Forecast Calculation			RA Forecast Calculation Formulas
25	CCA Peak Load Share (based on CCA Annual Peak Demand)	[redacted]		Line 23 ÷ 20
26	CCA Local RA Requirement	[redacted]	MW	Line 25 x 21
27	CCA Net System RA Requirement	[redacted]	MW	Line (24 x 17) - Line 26

	Incremental Cost Calculation	Total		Incremental Cost Calculation Formulas
28	Energy Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		[Sum Product of Columns 4, 5, 6, 7] x Line 11
29	RPS Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		Line 15 x 16 x 22 x 11
30	RA Cost Forecast	[redacted]		[(Line 18 x 26) + Line (19 x 27)] x 6 x 1000
31	Forecast Cost of New Procurement	[redacted]		Line 28 + 29 + 30
32	Forecast Revenues (Total Revenues Collected from Returned CCA Customers through the IOU System Average Bundled Service Generation Rate)	[redacted]		Line 12 x 22
33	Incremental Procurement Cost Exposure (Forecast Cost of New Procurement Less Forecast Revenues)	[redacted]		Line 31 - 32
34	Administrative Costs	[redacted]		Line 9 x 10

	Financial Security Requirement Calculation		FSR Calculation Formulas
35	**CCA Financial Security Requirement (FSR) under Section 394.25(e)**	[redacted]	Max [Line 33 + 34, 0]
36	**Final FSR**	[redacted]	Max [Line 35 , Line 14]
37	**Prior Period's CCA FSR**	[redacted]	Line 13
38	**Change Required to CCA FSR**	[redacted]	Line 36 - 37 if 10% and $20,000 deadband threshold is exceeded

Notes:

1. While CCA Monthly Peak demand for 12 months is used to estimate monthly Local RA requirement, only months 1-6 are used to calculate System RA requirement and Forecast Cost of New Procurement.
2. The CCA Load Forecast has been provided by San Diego Community Power (SDCP)
3. SDCP customer enrollment begins March 2021, therefore items 6,7,8, & 9 are zero prior to March 2021.

Information redacted is confidential per D.16-08-024, G.O. 66-D, and PU Code §§ 583 and 454.5(g).

SDG&E Advice Letter 3540-E Attachment A - CCA Financial Security Requirement

Clean Energy Alliance

1	Average On-Peak and Off-Peak Forward Price Source	ICE	
2	Calculation Month (M)	April-20	

	3	4	5	6	7	8
	Trading Day Average for 6 Months Forward Strip From Month of (M-1)	Average On-Peak Forward Price	Average Off-Peak Forward Price	CCA Load Forecast On-Peak (MWh)	CCA Load Forecast Off-Peak (MWh)	CCA Monthly Peak Demand (MW)
	May-20	$ 21.28	$ 18.60	[redacted]	[redacted]	[redacted]
	Jun-20	$ 29.69	$ 23.04	[redacted]	[redacted]	[redacted]
	Jul-20	$ 48.13	$ 29.24	[redacted]	[redacted]	[redacted]
	Aug-20	$ 51.62	$ 31.87	[redacted]	[redacted]	[redacted]
	Sep-20	$ 44.01	$ 32.07	[redacted]	[redacted]	[redacted]
	Oct-20	$ 36.60	$ 29.37	[redacted]	[redacted]	[redacted]
	Nov-20	N/A[1]				[redacted]
	Dec-20					[redacted]
	Jan-21					[redacted]
	Feb-21					[redacted]
	Mar-21					[redacted]
	Apr-21					[redacted]
9	Forecast CCA Number of Service Accounts (SA)	[redacted]	SA			
10	Customer Re-Entry Fee	$ 1.12	Per SA			
11	IOU-Specific Line Loss Factor	104.3%				
12	IOU System Average Bundled Service Generation Rate	$ 97.85	Per MWh			
13	Prior Period's CCA FSR	$ -				
14	Minimum FSR	$ 147,000				

RPS Cost Forecast Inputs

15	REC Value	$ 17.35	Per MWh
16	RPS Annual Target Percentage	33%	

RA Cost Forecast Inputs

17	RA Planning Reserve Margin (PRM) Requirement	115%	
18	Local RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
19	System RA Volume-Weighted Average Price (VWAP)	[redacted]	Per kW-mo
20	Annual Peak Demand in TAC Area	4,158	MW
21	Annual Local Capacity Requirement (LCR) in TAC Area	3,888	MW

	Load Forecast Calculation			Load Forecast Calculation Formulas
22	CCA Usage Forecast	[redacted]	MWh	Sum of Columns 6, 7
23	CCA Annual Peak Demand	[redacted]	MW	Max of Column 8 (Lines -)
24	CCA Average Peak Demand	[redacted]	MW	Average of Column 8 (Lines -)

	RA Forecast Calculation			RA Forecast Calculation Formulas
25	CCA Peak Load Share (based on CCA Annual Peak Demand)	[redacted]		Line 23 ÷ 20
26	CCA Local RA Requirement	[redacted]	MW	Line 25 x 21
27	CCA Net System RA Requirement	[redacted]	MW	Line (24 x 17) - Line 26

	Incremental Cost Calculation	Total		Incremental Cost Calculation Formulas
28	Energy Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		[Sum Product of Columns 4, 5, 6, 7] x Line 11
29	RPS Cost Forecast (incl. IOU-Specific Line Loss Factor)	[redacted]		Line 15 x 16 x 22 x 11
30	RA Cost Forecast	[redacted]		[(Line 18 x 26) + Line (19 x 27)] x 6 x 1000
31	Forecast Cost of New Procurement	[redacted]		Line 28 + 29 + 30
32	Forecast Revenues (Total Revenues Collected from Returned CCA Customers through the IOU System Average Bundled Service Generation Rate)	[redacted]		Line 12 x 22
33	Incremental Procurement Cost Exposure (Forecast Cost of New Procurement Less Forecast Revenues)	[redacted]		Line 31 - 32
34	Administrative Costs	[redacted]		Line 9 x 10

	Financial Security Requirement Calculation		FSR Calculation Formulas
35	**CCA Financial Security Requirement (FSR) under Section 394.25(e)**	[redacted]	Max [Line 33 + 34, 0]
36	**Final FSR**	[redacted]	Max [Line 35 , Line 14]
37	**Prior Period's CCA FSR**	[redacted]	Line 13
38	**Change Required to CCA FSR**	[redacted]	Line 36 - 37 if 10% and $20,000 deadband threshold is exceeded

Notes:

1. While CCA Monthly Peak demand for 12 months is used to estimate monthly Local RA requirement, only months 1-6 are used to calculate System RA requirement and Forecast Cost of New Procurement.
2. The CCA Load Forecast has been provided by Community Energy Alliance (CEA).
3. CEA customer enrollment begins May 2021, therefore items 6,7,8, & 9 are zero prior to May 2021.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts	Application 20-04-014

JOINT COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION, SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE TO SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 E) NOVEMBER UPDATE TO APPLICATION

[PUBLIC VERSION]

Evelyn Kahl
General Counsel
California Community Choice Association
One Concord Center
2300 Clayton Road, Suite 1150
Concord, CA 94250
Phone: (415) 254-5454
Email: evelyn@calcc.org.

Jacob Schlesinger
Keyes & Fox LLP
1580 Lincoln St. Suite 880
Denver, CO 80203
Phone: (970) 531-2525
Email: jschlesinger@keyesfox.com

Tim Lindl
Keyes & Fox LLP
580 California Street, 12th Floor
San Francisco, CA 94104
Phone: (510) 314-8385
E-mail: tlindl@keyesfox.com

November 18, 2020

Counsel to San Diego Community Power and Clean Energy Alliance

TABLE OF CONTENTS

TABLE OF AUTHORITIES

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U902E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts	Application 20-04-014

JOINT COMMENTS OF CALIFORNIA COMMUNITY CHOICE ASSOCIATION, SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE TO SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 E) NOVEMBER UPDATE TO APPLICATION

Pursuant to the schedule set forth in the July 6, 2020 Scoping Memo and Ruling setting the schedule for this proceeding, San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") hereby submit these Opening Comments, which are joined by the California Community Choice Association ("CalCCA"),[1] regarding the November 6, 2020 *Updated Application and Prepared Direct Testimony* ("November Update") to San Diego Gas and Electric Company's ("SDG&E") *Application for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts* ("Application"), which was filed on April 15, 2020. For consistency and clarity, SDCP and CEA continue to follow format of the common briefing outline that was requested by assigned Administrative Law Judge Wercinski and agreed upon by all parties.

I. INTRODUCTION

SDCP and CEA appreciate that SDG&E has been forthright and collaborative in providing discovery responses and in its commitment to correct errors that SDCP and CEA have identified

[1] Pursuant to Rule 1.8(d), CalCCA has authorized SDCP/CEA to submit these comments on its behalf.

throughout this proceeding.[2] However, SDG&E's November Update raises significant concerns—far too late in the proceeding— that SDG&E is relying on inaccurate and outdated billing determinants (sales forecasts) to calculate its 2021 commodity rate forecast for bundled customers. By utilizing incorrect billing determinants, SDG&E proposes an artificially low bundled customer rate that will lead to significant undercollections from bundled customers in 2021. Specifically, the billing determinants that SDG&E uses to calculate its commodity rate fail to account for the substantial load departure—approximately 24% of SDG&E's 2021 bundled load sales forecast[3]— that will occur early in 2021 when SDCP and CEA launch. Compounding this error is the fact that SDG&E *does* properly account for anticipated load departure when calculating its expected commodity revenue, thereby creating a misaligned commodity rate calculation that distorts SDG&E's forecasted bundled customer rates and violates basic ratemaking principles.

As further explained below, SDG&E's use of misaligned data would result in a commodity rate proposal that would lead to a significant undercollection from bundled customers. Such undercollections will be trued up in the future, but the artificially low 2021 commodity rates will mislead customers by creating a false price signal that bundled rates are lower than they should be in 2021 when customers are deciding whether or not to opt out of newly established CCA service. Approving SDG&E's commodity rates would send a false price signal that may lead customers to

---

[2] *See, e.g.*, A.20-04-014, *Reply Brief of San Diego Community Power and Clean Energy Alliance,* p. 7 (October 23, 2020) ("SDCP/CEA Reply Brief") (discussing SDG&E's commitment to correcting two errors regarding the PCIA calculation presented in the testimony of SDG&E witness Stacy Fuhrer.); A.20-04-014, *Reply Brief of San Diego Gas & Electric Company (U 902-E) in Support of its Application for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts,* p. 9 (October 23, 2020) ("SDG&E Reply Brief") (discussing same).

[3] Calculated as Vintage 2020 departed load sales divided by the Energy Requirements Forecast of bundled load provided in SDG&E witness Covic's Updated Testimony. (*See* A.20-04-014, *Updated Prepared Direct Testimony of Stefan* Covic at SC-3:14 (November 6, 2020) ("Covic Updated Testimony").)

make such decisions based on inaccurate rates, and could unfairly force CCAs to compete against SDG&E's artificially low generation rates.

Curiously, SDG&E recognizes that it has used mismatched data to derive rates.[4] Though SDG&E appears to defend its approach, at least in part, as procedurally necessary, its claim is unsupported and inconsistent with other aspects of the Application. There is simply no basis on which SDG&E should conclude that it is prohibited from relying on more accurate load forecasts, particularly when doing so leads to such obvious errors in setting the commodity rates. Moreover, both of the other two investor-owned utilities ("IOUs") use more current billing determinants in their own ERRA forecast proceedings. Accordingly, SDCP and CEA respectfully request that the Commission direct SDG&E to revise its commodity rates, as illustrated in Table 1 below and explained further in Section II.A herein. SDCP and CEA's proposed commodity rates, shown in Column B of Table 1 below, utilize the same billing determinants that SDG&E used to derive its Energy Requirements Forecast in this proceeding and which accurately forecast 2021 load departures. For ease of reference, SDCP and CEA prepared the below table comparing SDG&E's proposed commodity rate (column A) and the corrected commodity rate using the more accurate Energy Requirements Forecast (column B).

Table 1: Comparison of Proposed and Corrected System Average Commodity Rate

		SDG&E's Proposed Commodity Rate	**Corrected Commodity Rate**	**Difference**
	Line Number	(A)	(B)	(C) = 1 - (A) / (B)
Commodity Revenues	1	$1,023,583,000 (1)	$1,023,583,000 (1)	0%
Bundled Load Sales (kWh)	2	[redacted]		

[4] *See* Application, pp. 5-6 (discussing the need to update its 2021 sales forecast pending a decision in its 2019 General Rate Case ("GRC") Phase 2 proceeding, A.19-03-002); Exh. SDCP-51.

System Average Commodity Rate (¢/kWh)	3 = 1 / 2	7.021(1)	[redacted]

(1) Exhibit SDCP-48: Class Avg Rates_2021 ERRA Forecast Nov Update_PUBLIC.xlsx
(2) Exhibit SDCP-47: SDG&E response to SDCP DR 11 Q10b – CONFIDENTIAL – SDG&E Response – SDCP CEA DR11 Q10b.xlsx
(3) Exhibit SDCP-49: SDG&E response to SDCP DR 11 Q19a

The Commission should direct SDG&E to use its Energy Requirements Forecast to derive bundled customers' commodity rates for 2021 because it is the same forecast that SDG&E relies on to calculate its revenue forecasts and the only forecast that SDG&E has disseminated that accurately accounts for CCA load departure. Given that expected CCA load departure comprises approximately 24% of SDG&E's bundled load sales in early 2021, it is imperative that SDG&E accounts for this significant load decrease when calculating its commodity rates. For context, this forecasted load departure is roughly *ten-times* greater than that seen in any prior year in SDG&E's service territory since 2002, when community choice aggregation was first authorized.[5]

In addition, SDCP and CEA request that the Commission clarify and resolve certain issues relating to SDG&E's PCIA price cap and recovery of its CAPBA balance, as detailed in Section II.B herein.

Altogether, SDCP and CEA request that the Commission:

- Direct SDG&E to revise its bundled billing determinants using its latest load forecast (its energy requirement forecast) to accurately reflect anticipated CCA load departure;
- Clarify that the PCIA rate cap must be calculated from the rate implemented in an IOU's prior year's ERRA Forecast Proceeding to comply with D.18-10-019;

[5] *See* California Assembly Bill 117 (Midgen, 2002) (authorizing local governments to aggregate customer electric load and purchase electricity for customers.); R.03-10-003, *Decision Resolving Phase 2 Issues on Implementation of Community Choice Aggregation Program and Related Matters* (December 16, 2005) ("D.05-12-041") (Commission decision implementing Portions of AB 117 regarding Community Choice Aggregation).

- Approve SDG&E's proposed PCIA rates as filed in its November Update and clarify that SDG&E may not adjust its calculation of the PCIA rate cap based on the authorizations made, or which will be made, in the Commission's resolution of SDG&E's Trigger Application 20-07-009 ("Trigger Application");
- Direct SDG&E to exclude vintage 2020 from the CAPBA rate adder; and
- Direct SDG&E to allocate the CAPBA rate adder to be approved in the Trigger Application only to customers in vintage years 2009 through 2019, which are responsible for causing the undercollection.

II. COMMENTS

A. Scoping Issue No. 1 - Whether the Commission should approve SDG&E's total 2021 forecast revenue requirement of $1,161.437 million.[6]

SDG&E's 2021 forecasted revenue requirement is reasonably calculated to the extent that it relies on the utility's latest expectations of bundled customer Forecasted Energy Requirements and customer migration to newly formed or expanding CCAs. However, the bundled customer commodity rates derived from the forecasted revenue requirement are neither just nor reasonable, nor are they consistent with the Commission's rate design principles. At a high-level, this is because SDG&E uses a mismatched numerator (revenue requirement) and denominator (sales) when calculating its proposed commodity rates. Specifically, and as shown in Table 2 below, SDG&E calculated the total commodity-related revenue requirement (the numerator, revenue requirement) that properly reflects anticipated 2021 load departure, but its bundled customer billing determinants (the denominator, sales) improperly rely on an outdated 2019 sales forecast

[6] Though the Scoping Ruling references a revenue requirement of $920.317 million, as requested in SDG&E's Application, SDG&E's November Update reflects a requested revenue requirement of $1,161.437 million. (See San Diego Gas & Electric Company's (U 902-E) November Update to Application, p. 6, Table 1 (November 6, 2020) ("November Update").)

that does not account for anticipated CCA load departure (i.e., overstating the bundled sales over which the 2021 commodity costs would be collected).

Table 2: Comparison of Bundled Load Sales Utilized in November Update

Forecast Name	Bundled Sales (GWh)	How the value is utilized in the November Update
2019 Sales Forecast[(1)]	[redacted]	Utilized as the denominator in deriving the commodity rates.
2021 Energy Requirements Forecast [(2)]		Utilized to forecast "ISO Load Charges (Energy & A/S Costs)", (SDG&E response to DR 12 Q 4a) a significant component of the ERRA Revenue Requirement (numerator in the derivation of the commodity rate)

[(1)]Exhibit SDCP-47, SDG&E Response to DR 11.10(b)
[(2)] Covic Direct Testimony p. SC-3, Line 13

The Commission has established that rates must be calculated in accordance with certain Rate Design Principles ("RDP").[7] Key among these, is that rates should be "stable and understandable and provide customer choice," and that rates should encourage "economically efficient decision making."[8] The calculations used by SDG&E in its November Update to derive bundled customers' commodity rates are based on inaccurate and contradictory information, as shown in Table 2 above. If approved, SDG&E's proposal would result in bundled commodity rate calculations that violate the Commission's Rate Design Principles.

i. The Commission Should Direct SDG&E to Use an Accurate Load Forecast in Calculating its Bundled Commodity Rates To Comply with Basic Ratemaking Principles and to Avoid False and Anti-Competitive Price Signals.

---

[7] *See* R.12-06-013, *Decision on Residential Rate Reform for Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company and Transition to Time-of-Use Rates,* pp. 16, 28 (July 13, 2015) ("D.15-07-001").
[8] *Id.* at 28.

In using this mismatched numerator and denominator in its calculation, SDG&E's November Update includes forecasted commodity rates that are misleadingly low, in violation of the Commission's rate design principles. Because the forecasted commodity rates will undoubtedly lead to an undercollection of the ERRA revenue requirement in 2021 that must be trued-up at a later date, the proposed commodity rates violate the RDP of being "stable and understandable."[9] Further, because the proposed commodity rates are set artificially low, it will not promote customer choice and customers will be unable to make "economically efficient decisions" as required by the RDP. Accordingly, the Commission should direct SDG&E to correct its commodity rate by utilizing the correct billing determinants that SDG&E has used in calculating its Energy Requirements Forecast.

SDG&E's November Update proposes a total revenue requirement *decrease* of $334.173 million compared to the amount currently in rates.[10] SDG&E states that the revenue requirement changes would decrease current system average bundled rates by 2.964 cents per kWh, or 12.35% compared to currently effective rates.[11] SDG&E fails to explain that the average commodity rate, which is predominantly at issue in this application and is only one part of the system average bundled rate cited, would decrease *28.31%* if SDG&E's proposal is approved.[12] SDG&E provides no other explanation for such a substantial decrease in rates. Through discovery, SDCP and CEA learned that SDG&E's failure to properly update the bundled billing determinants (sales forecasts) results in these artificially low proposed bundled customer commodity rates in 2021.

[9] D.15-07-001, p. 28.
[10] November Update at 7.
[11] Exhibit SDCP-48 (SDG&E Class Avg Rates_2021 ERRA Forecast Nov Update_PUBLIC.xlsx; Calculated as 1 – Proposed 2021 ERRA Nov Update System Average Commodity Rate / Present Effective System Average Commodity Rate).
[12] *Id.*

Despite calculating its 2021 ERRA revenue requirement using its latest load forecast for 2021, SDG&E calculates its proposed bundled customer commodity rates using the 2019 billing determinants.[13] As noted above, SDG&E admits that this 2019 sales forecast does not account for the significant load departure anticipated in early 2021.[14] Mr. Covic clearly explains in his testimony that SDG&E's bundled load for 2021 will be [redacted] GWh (Line 2 in Table 2).[15] However, in response to SDCP and CEA data request 11.10, SDG&E confirmed that it is using bundled customer sales of [redacted] (Line 1 in Table 2) as the billing determinants to calculate bundled commodity rates. As shown in Table 1, the bundled sales volumes that SDG&E uses as the denominator to derive the commodity rates are [redacted] higher than SDG&E's current expected bundled customer sales in 2021.

ii. There is No Legal Basis That Justifies SDG&E's Use of Inaccurate Billing Determinants.

By using an updated 2021 revenue requirement as the numerator and then using the 2019 sales (billing determinant) number in the denominator, SDG&E's resulting commodity rates proposal is inherently inaccurate and fail to conform to basic ratemaking principles. Though SDG&E acknowledges the inaccuracy of using a 2019 sales forecast, SDG&E curiously argues that its hands are tied and that it must rely on this outdated forecast because a final decision on the 2021 sales forecast is still pending in SDG&E's General Rate Case ("GRC").[17] When prompted

[13] Note that, in its Application, SDG&E stated that it would need to update its 2021 sales forecast pending a decision in its 2019 General Rate Case ("GRC") Phase 2 proceeding (A. 19-03-002) ("GRC Phase 2"), though at this late point in the proceeding it is not clear that SDG&E will have an opportunity to do so (nor would it in 2021, until its compliance proceeding). (A.20-04-014, *Application of San Diego Gas & Electric Company (U 902-E) for Approval of its 2021 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts,* pp. 5-6 (April 15, 2020) ("Application").)
[14] Exhibit SDCP-50, SDG&E Response to SDCP DR 10.7.
[15] Covic Updated Testimony (Confidential) at SC-3:13-16.
[16] *See* Table 1, Column C.
[17] Exhibit SDCP-50 (SDG&E Response to SDCP DR 10.7).

through discovery to provide a citation or explanation of on what basis SDG&E concludes that it is "without authority" to use its 2021 sales forecast in its ERRA Forecast proceeding, as is done by the other IOUs, SDG&E demurred, instead restating its belief that "it would be inappropriate for SDG&E to propose and litigate a sales forecast in two separate applications."[18]

SDG&E's position is without merit for several reasons. First, SDG&E revises all other inputs in its ERRA application to reflect its latest sales forecast, including updated assumptions regarding anticipated CCA departure. For example, SDG&E's November Update explains that the energy requirements sales forecast that is used to derive the projected cost to serve bundled customers in 2021 was updated to include new demographic and economic assumptions, the impacts of COVID-19, and the latest forecast of load departure to CCAs.[19] Additionally, SDG&E's proposed PCIA rates were set using vintaged billing determinants that reflect CCA load departure in 2021, even though it excludes such departures in calculating its bundled customers' commodity rates. Therefore, SDG&E's argument that it must have Commission approval before updating forecasts is unfounded and applied inconsistently. Cherry-picking which forecasts to update, especially when doing so creates such a significant misalignment in rate variables, artificially skewing rates, misleading customers, and raising significant anti-competitive concerns is not sound rate design.

Second, neither Pacific Gas & Electric ("PG&E") nor Southern California Edison ("SCE") take the same position as SDG&E in their ERRA Forecast proceedings.[20] Instead, both SCE and

---

[18] Exhibit SDCP-51 (SDG&E Response to DR 13.02).
[19] Covic Updated Testimony at SC-3.
[20] *See* A. 20-07-002, *Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2021 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue Return and Reconciliation. (U39E),* p. 16 ("PG&E 2021 ERRA Application"); A.20-07-004, *Application of Southern*

PG&E request that the Commission adopt their 2021 sales load forecast in their ERRA Forecast Proceeding.[21] Thus, SDG&E's contention that it "does not have authority" to rely on its projected 2021 sales forecast is inconsistent with the practice of other similarly situated IOUs.

It is important to note, however, that even if SDG&E were to update its bundled billing determinants using the 2021 sales forecast it presented in its GRC, bundled rates would still be artificially low. Both PG&E and SCE adopt 2021 sales forecasts in their respective ERRA Forecast Proceedings filed in 2020. This approach allows for the IOUs to calculate bundled rates using billing determinants that more accurately reflect departing load. In contrast, SDG&E included its 2021 sales forecast in its GRC Phase 2 Application filed March 2019; nine months before SDCP and CEA filed their respective implementation plans.[22] SDG&E acknowledges that, as a result of this approach, the GRC sales forecast did not take load departure into consideration.[23] Though SDG&E anticipates remedying this flawed approach by implementing annual updated sales forecasts beginning in 2022,[24] this does little to resolve the present issue with SDG&E's currently proposed bundled rates for 2021. As such, the Commission must ensure that, just as SDG&E updated other ERRA forecast inputs to reflect load departures, SDG&E utilizes billing determinants that truly reflect anticipated load departures and not simply an outdated 2021 sales forecast.

Because SDG&E admits that its bundled customer billing determinants used to calculate the proposed 2021 commodity rates do not reflect the latest bundled sales forecast for 2021 or the significant anticipated CCA load departure. Therefore, it is clear that future bundled rates will

---

*California Edison Company (U338E) For Approval of Its Forecast 2021 ERRA Proceeding Revenue Requiremen*t, p. 10 ("SCE 2021 ERRA Application").
[21] *See* PG&E 2021 ERRA Application at 16; SCE 2021 ERRA Application at 10.
[22] Exhibit SDCP-51 (SDG&E Response to SDCP DR 13.02).
[23] *Id*.
[24] *Id*.

necessarily increase once the billing determinants are updated. Indeed, if SDG&E's commodity rates are approved, bundled customers will see their rates increase to both reflect the billing determinant adjustment flowing from an updated load forecast and to recover the 2021 undercollection caused by the mismatch. To avoid this outcome, the Commission should direct SDG&E to use its latest load forecast as the billing determinants for its 2021 rates.

B. Scoping Issue No. 9 – Whether the Commission Should Approve SDG&E's Proposed Vintage Power Charge Indifference Adjustment ("PCIA") in Rates.

The PCIA rate is calculated in this proceeding based on two key components: (1) the total "Indifference Amount," i.e., the difference between the forecasted cost of SDG&E's generation portfolio in 2021 and the forecasted market value of SDG&E's generation portfolio in 2021; and (2) the 2020 year-end balance in the Portfolio Allocation Balancing Account (PABA), which essentially constitutes a rolling true-up between the forecasted costs and revenues used to set the PCIA for 2020 and the actual costs and revenues SDG&E is realizing this year. The Indifference Amount and the year-end PABA undercollection are added together to form the PABA revenue requirement.[25] The revenue requirement is then allocated among both bundled and unbundled customers based on their vintage, i.e., the year unbundled customers left SDG&E's service, and their rate class.[26]

In addition, and as more thoroughly discussed in SDCP and CEA briefing,[27] the Commission has adopted a cap (of 0.5¢/kWh) on the amount by which PCIA rates can increase each year to "provide a degree of stability and predictability" for departing load customers.[28] The

---

[25] *See* A.20-04-014, *Opening Brief of San Diego Community Power and Clean Energy Alliance,* pp. 4-6 (September 25, 2020) ("SDCP/CEA Opening Brief").
[26] *Id.* at 5.
[27] *See id.* at 3-6.
[28] R.17-06-026, *Decision Modifying the Power Charge Indifference Adjustment Methodology*, p. 72 (October 19, 2018) ("D.18-10-019").

Commission established a balancing account and trigger mechanism to account for accumulated undercollection due to the PCIA cap, and IOUs are directed to file a trigger application if the PCIA Under-collection Balancing Account ("CAPBA") balance exceeds the 7% threshold.[29]

SDG&E filed such a trigger application on July 10, 2020, in which it requested authorization to implement a rate increase to recover its estimated undercollection of $8.92 million in revenue from departing load customers, and to amortize such rate increase over a three-month period.[30] On November 12, 2020, assigned Administrative Law Judge Glegola issued a Proposed Decision ("Proposed Decision") in which it granted SDG&E's rate increase request of 1.9¢/kWh over a twelve-month period.

Here, SDG&E's Application and November Update, in addition to issues presented in SDG&E's Trigger Application,[31] leave open key issues to be resolved regarding SDG&E's calculation of PCIA rates and its recovery of the CAPBA balance.

i. The Commission Should Clarify that the Rate Used to Set an IOU's PCIA Rate Cap is the Rate Set in the Prior Year's ERRA Forecast Proceeding, consistent with D.18-10-019 and Standard IOU practice.

SDG&E has suggested that the half-cent cap on PCIA rate increases should be calculated from any "final as implemented PCIA rate," including one implemented through a decision in an IOU's trigger application.[32] As thoroughly discussed in SDCP/CEA's briefing, SDG&E's position, if adopted, could create a significant PCIA rate increase that would be contrary to the

---

[29] *Id.* at 86-87, Ordering Paragraph 10.
[30] A.20-07-009, *Expedited Application of San Diego Gas & Electric Company (U 902 E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism* (July 10, 2020) ("SDG&E Trigger Application").
[31] *Id.*
[32] Exhibit SDCP-7 (San Diego Gas & Electric Company Response to SDCP Data Request 3.26) and *see* A.20-04-014, *Prepared Direct Testimony of Stacy* Fuhrer at SF-15 (April 15, 2020) ("Fuhrer Direct Testimony").

very intent of the rate cap itself, *i.e.*, to provide rate stability and avoid rate shock for unbundled customers.[33]

In its reply brief, SDG&E denied that its approach was inconsistent with D.18-10-019, explaining that "SDG&E interprets the phrase 'the prior year's PCIA' to mean the PCIA rates that are in effect as of the time that SDG&E submits its November Update."[34] SDG&E's position implies that, *if* the Commission had issued a final decision in SDG&E's pending Trigger Application and authorized a rate increase in time for SDG&E's filing of the November Update, then the 2020 ERRA Forecast approved PCIA rate, *plus* the CAPBA Trigger rate adder, should set the base for calculating the price cap. SDG&E's argument is wrong and should be rejected, as it is contrary to D.18-10-019 and contrary to existing IOU practice.

In its reply brief, SDG&E claimed that the issue is ultimately "premature," "not ripe for adjudication in this year's ERRA Application," and "moot" because SDG&E did "not expect the Commission to enter a *final* decision approving the new PCIA rates until the end of the year," and, as such, SDG&E would not be able to implement any new PCIA rate increase resulting from the CAPBA trigger until January 1, 2021.[35]

SDG&E's position in reply briefs is curious given its initially stated position on this matter. In its November Update, it provided redline changes to the supporting testimony of witness Stacy Fuhrer, which show that SDG&E has modified its testimony to support its incongruous—though "moot"— position:

> As part of the ERRA Forecast proceeding, and pursuant to D.18-10-019, SDG&E must now evaluate whether the $0.005/kWh PCIA cap has been reached based on the system average PCIA rate by customer vintage, using a comparison between the prior year's

[33] See SDCP Opening Brief at 12-16.
[34] SDG&E/CEA Reply Brief at 15 (emphasis in original).
[35] SDG&E Reply Brief at 16 (emphasis added).

> DA/CCA PCIA rates and the PCIA rates proposed in the current year's ERRA Forecast proceeding.[36]

SDG&E's redlined language completely reverses its original statement on this issue. In its original testimony, SDG&E took the position that the cap should be set based on "the final as implemented PCIA rates from *the prior year's ERRA forecast proceeding*." (Emphasis added.). SDG&E's original position aligns with the position of SDCP/CEA (and also of other IOUs, as discussed below). SDG&E's redlined changes in the November Update are an obvious and inappropriate attempt to present a new proposal.[37] SDG&E should adhere to its own stated purpose regarding the November Update: "The November Update has traditionally served to update testimony regarding CTC Market Price Benchmark ("MPB") and the PCIA benchmarks."[38] SDG&E does not contemplate that the November update should be an opportunity for it to change its position on substantive policy issues such as setting the PCIA cap.

SDCP and CEA respectfully urge the Commission to make clear that the proper baseline for setting the PCIA cap is the rate approved in the prior year's ERRA Forecast proceeding, as originally stated by SDG&E, and not as adjusted by any trigger application. Indeed, this is the approach that is already followed by the other IOUs, PG&E and SCE, and the Commission should make clear that the practice should be uniformly followed both for consistent ratemaking and for consistency with D.18-10-019.[39]

---

[36] A.20-04-014, *Updated Prepared Direct Testimony of Stacy Fuhrer* at SF-17:14-18:1(November 6, 2020) ("Fuhrer Updated Testimony").
[37] Fuhrer Updated Testimony at SF 17:14-18:3.
[38] November Update at 2.
[39] *See* SDCP/CEA Exh. 52, (SCE, Nov. Update pp. 107-109 and Table XI-49; PG&E Nov. Update, pp. 21-26 and Tables 19-4 and 19-5.)

Moreover, while SDG&E appears to understand that, even if its position on the PCIA rate cap were adopted, the time has passed for SDG&E to change the base PCIA-rate in this proceeding since, even with the November 13 Proposed Decision, the CAPBA rate increase will not take effect until January 1, 2021.[40] Indeed, SDG&E's calculation of the 2021 rate cap in its November Update uses as a baseline the current PCIA rates that were approved as a result of the 2020 ERRA Forecast proceeding.[41] SDCP and CEA request that the Commission confirm this point and approve the PCIA rates proposed in the November Update so that SDG&E may not make an eleventh hour proposal to change its PCIA rates. More importantly, still, SDCP and CEA request that the Commission clarify the Commission policy that the PCIA rate cap must be calculated from, as originally stated by SDG&E: "the final as-implemented PCIA rates from the prior year's ERRA Forecast proceeding."

ii. The Commission Should Address How the 2020 CAPBA Balance Will be Recovered.

The recently issued Proposed Decision adopts SDG&E's requested rate increase but it does not approve SDG&E's proposal to amortize the increase over the three-month period and instead orders implementation of a twelve-month amortization period to avoid rate shock for unbundled customers.[42] The Proposed Decision does not, however, specify which vintages will be responsible for paying the CAPBA adder and instead leaves that decision to this docket.[43] SDCP and CEA request that the approved CAPBA adder be equitably apportioned amongst vintages that

---

[40] See A.20-07-009, *[Proposed] Decision Regarding Power Charge Indifference Adjustment Trigger Application of San Diego Gas & Electric Company*, Ordering Paragraph 1 (November 13, 2020) ("Trigger PD"); SDG&E Reply Brief at 16.
[41] A.19-04-010, *Decision Adopting San Diego Gas & Electric Company's 2020 Electric Procurement Cost Revenue Requirement Forecast and 2020 Forecast of Greenhouse Gas Related Costs*, January 16, 2020 ("D.20-01-005"). (Rates effective February 1, 2020 per AL 3500-E.)
[42] Trigger PD at 8, Ordering Paragraph 1.
[43] *Id. at* 9.

caused the PCIA undercollection; that is, among departing load customers in vintages 2019 and prior.

SDCP and CEA are concerned that if SDG&E applies the CAPBA adder to vintage 2020, customers that did not contribute to the PCIA undercollection but later depart bundled service would be unfairly charged the CAPBA rate adder, contrary to the Commission's rate design principles of cost-causation. Customers that received bundled service in 2020 and then depart prior to July 1, 2021, will pay Vintage 2020 PCIA rates. If Vintage 2020 customers are also charged a CAPBA rate adder, these newly departed customers would be charged for the CAPBA even though they had nothing to do with the PCIA undercollections that accrued during 2020 before they departed.

SDG&E's PCIA rates effective beginning in February 2020 were capped for departing load customers in vintages 2009 through 2019, while commodity rates for bundled customers included the indifference amount assigned to vintage 2020. Therefore, customers receiving bundled service during 2020 did not contribute to any CAPBA undercollections, which are only incurred due to unbundled customers paying capped PCIA rates. Vintage 2020 departing load customers are not responsible for any of the 2020 CAPBA balance and should not be charged a CAPBA surcharge in 2021.

SDG&E presented its proposed CAPBA Trigger surcharge rates in the testimony of Stacy Fuhrer in A.20-07-009. Attachment B to Ms. Fuhrer's testimony presented SDG&E's proposed rates with 3-month amortization using an equal cents per kWh cost recovery method. Page SF-B-2 clearly shows that SDG&E anticipates a CAPBA surcharge rate for vintage 2020. Consistent with SDG&E's proposal, if the rates approved by the Proposed Decision also apply to vintage 2020, customers departing between January and June 2021 would be subject to a $0.019/kWh

CAPBA surcharge even though they did not cause the CAPBA balance in 2020. Based on the anticipated sales to these customers during 2021, SDG&E would overcollect the CAPBA balance by approximately [redacted] million if SDG&E were to apply the CAPBA adder to the current forecast of vintage 2020 sales.[44] Accordingly, SDG&E should not to apply the CAPBA trigger surcharge rate to vintage 2020 customers.

iii. The Commission Must Clarify how the 2020 CAPBA Refund will be Administered to Departing Customers

The Proposed Decision in SDG&E's Trigger Application declines to address the issue of CAPBA refunds, finds that the issue is out of scope, and provides that the issue should instead be addressed in this proceeding.[45] Accordingly, this proceeding is the only venue for this important issue to be resolved. The question is how 2020 CAPBA refunds should be administered to bundled customers who depart in the middle of 2021 for CCA Service. In its Reply Brief in the PCIA Trigger Application proceeding, SDG&E stated that it would support a twelve-month amortization period of the entire CAPBA balance for all customers if the Commission either (1) agreed that the benefit of a 12-month amortization period justified a requirement that bundled customers forgo their share of the CAPBA refund, or (2) adopted SDG&E's proposal for a one-time transfer of the CAPBA overcollection due to bundled customers into the 2020 vintage of PABA.[46]

---

[44] Calculated by multiplying the vintage 2020 departed load sales from Fuhrer "CONFIDENTIAL - PCIA Model_2021 ERRA Forecast Nov Update.xlsx" by the proposed 2020 CAPBA adder from Exhibit SDCP-17: CONFIDENTIAL - PCIA Model_2020 CAPBA Trigger 3 Mo._Equal Cents Alloc_Fuhrer.xlsx.

[45] Trigger PD at 9 ("In this decision we do not rule on SDG&E's argument, made in its reply briefs, that the Commission should require departing customers leaving SDG&E in the middle of 2021 to forgo a refund, as we do not find that is in the scope of this proceeding, but instead better suited for SDG&E ERRA forecast proceeding. For similar reasons, we also do not adopt SDG&E's proposal for a one-time transfer of the CAPBA overcollection due to bundled customers into the 2020 vintage of PABA."

[46] A.20-07-009, *Reply Brief of San Diego Gas and Electric Company in Support of its Application Under the Power Charge Indifference Adjustment Account Trigger Mechanism*, p. 24 (October 30, 2020). *See also* Trigger PD at 9.

The CAPBA refund issue is properly within the scope of this ERRA Forecast proceeding since SDG&E's proposal would entail modification of the 2020/2021 vintage of PABA. In the PCIA Trigger Application proceeding, after SDCP and CEA challenged the unjust and unreasonable nature of SDG&E's forfeiture proposal and recommended alternative approaches, SDG&E proposed a one-time transfer of the CAPBA overcollection into the PABA.[47] SDG&E's proposal entails including the CAPBA refund as a "rate adder" for bundled customers into the 2020 and/or 2021 PCIA vintage using vintage system sales to capture customers who depart after July 1, 2021.[48] These reductions to the PCIA would necessarily require a modification to the 2020 and 2021 vintage being litigated in the current proceeding. Thus, it is reasonable and within the scope of this proceeding to require SDG&E to adjust its ERRA Application to reflect the proposed transfer of the CAPBA refund to the 2020/2021 vintage of PABA in the manner proposed in SDG&E's Reply Brief in the PCIA Trigger Application proceeding. SDCP and CEA urge the Commission to adopt this approach to avoid forfeiture of customer refunds.

III. CONCLUSION

For the foregoing reasons, SDCP and CEA strongly urge the Commission to make the following determinations and directions as to SDG&E's Application and November Update:

- Direct SDG&E to revise its bundled billing determinants using its latest load forecast (its energy requirement forecast) to accurately reflect anticipated CCA load departure;
- Clarify that the PCIA rate cap must be calculated from the rate implemented in an IOU's prior year's ERRA Forecast Proceeding to comply with D.18-10-019;

[47] *Id.* at 20.
[48] *Id.* at 21.

- Approve SDG&E's proposed PCIA rates as filed in its November Update and clarify that SDG&E may not adjust its calculation of the PCIA rate cap based on the authorizations made, or which will be made, in the Commission's resolution of SDG&E's Trigger Application 20-07-009 ("Trigger Application");
- Direct SDG&E to exclude vintage 2020 from the CAPBA rate adder; and
- Direct SDG&E to allocate the CAPBA rate adder to be approved in the Trigger Application only to customers in vintage years 2009 through 2019, which are responsible for causing the undercollection.

Respectfully submitted,

<u>/s/ Jacob Schlesinger</u>
Jacob Schlesinger
Tim Lindl
Keyes & Fox LLP
1580 Lincoln St. Suite 880
Denver, CO 80203
Phone: (970) 531-2525
Email: jschlesinger@keyesfox.com

November 18, 2020

Counsel to San Diego Community Power and Clean Energy Alliance

SAN DIEGO **COMMUNITY POWER**
Staff Report – Item 5

To: San Diego Community Power (SDCP) Board of Directors

From: Cody Hooven, Director/Chief Sustainability Officer, City of San Diego

Subject: Discussion of Near-Term Launch Tasks and Schedule

Date: November 19, 2020

Recommendation
Receive and file near-term launch tasks and schedule driving SDCP operations for the next several months.

Background
Launching a community choice public power program such as SDCP requires a balancing act between items such as regulatory deadlines, financing covenants, and staffing limitations. As SDCP approaches its March 2021 launch of power service to its first customers, there are a series of coordinated tasks necessary to complete over the next several months. These actions require close coordination between SDCP, its various consulting teams, and the Board to ensure success. An overview of these items is provided here to ensure the Board has a sense of what will be occurring when and how the various items fit together. While many areas are ongoing or will continue beyond the next several months, staff would like to focus on the near-term as this is critical to launching service

Analysis and Discussion
The near-term tasks can be broken into key areas: policies; power products and rates; customers and marketing; and, administrative/financial. Brief discussion of each are below.

Timeline: Updates and key decision points on each will be presented to the Board between now and January 2021. Where possible, these items will be brought to the Community Advisory Committee and/or the Finance and Risk Management Committee prior to the Board.

Policies: Staff are working to draft, solicit stakeholder feedback, and present to the Board various policies that are important to the Board or relevant to customer service. These include:

- Net Energy Metering
- Feed-in-Tariff
- Inclusive and Sustainable Workforce
- Customer Data Confidentiality

Power products and rates: This is critical to launch and highly dependent on SDG&E information, yet the timing is incredibly short due to the late date that the California Public Utilities Commission (CPUC) requires necessary information to be submitted by SDG&E and other IOUs and the time in which staff can analyze the impacts and present recommendations to the Board prior to launch in March 2021. These items include:

- Preliminary and final rate setting
- Product offerings and names (to be discussed in the subsequent agenda item)
- Member city defaults, if other than the base default product

In regards to the member city defaults, cities wishing to opt-up their municipal accounts or whole territory to our premium product would be able to do so in the following ways.

First, cities would need to notify SDCP by December 17, 2020 if they would like to default their municipal accounts or whole territory for our Phase 1 launch in March.

If that is not possible (e.g., if City Council approval is not possible by December 17), all Phase 1 accounts in March would be enrolled at SDCP's default product. Cities wishing to opt-up may still pursue council action for either their municipal or all accounts within their territory and notify SDCP by April 1. SDCP will make that change for accounts and send additional notices for already enrolled in Phase 1 at the same time Phase 2 enrollment begins in June.

Customers and marketing: Complementary to power and rates is SDCP's customers – both when each customer type will be enrolled in programs and how SDCP will communicate with them about our products and services. There are dozens of tasks within this area that are critical to supporting a smooth program launch and customer retention. Staff are working closely with our partners CalPine (data/back office) and Civilian (marketing/PR) to ensure these items are completed. Just a few are listed below:

- Finalizing customers in each phase of enrollment (involves SDG&E data sharing)
- Launching our brand identity and new website with additional functionality
- Key account outreach
- Enrollment notices – preparation, vendor selection, and mailing

Regulatory: Regulatory items pose a large potential risk to the organization because they can affect operational decisions and costs significantly and require active, consistent engagement and advocacy. There are many important regulatory items that staff and consultants track and engage in, ranging from exit fees to compliance requirements. Within the timeframe discussed in this staff report, the Energy Resource Recovery Account filing by SDG&E may be of the most consequence to SDCP and has been addressed elsewhere on the meeting agenda for today's Board meeting.

Administrative/financial: Ensuring the various and dynamic startup costs and costs of launch are monitored and shared with the Board is of importance to staff. This area also includes administrative activities that are important to running the business but do not often receive much outward attention. Several items are included below:

- Treasurer's report – tracking startup budget vs actuals
- Payment of various nondiscretionary fees such as a financial security requirement to SDG&E
- Updating River City Bank on activities and covenant requirements
- Hiring critical staff

Staff will keep the Board apprised of progress on these tasks and will present recommendations to the Board in the coming months as decisions are needed.

Fiscal Impact

None

SAN DIEGO **COMMUNITY POWER**
Staff Report – Item 6

To: San Diego Community Power Board of Directors

From: Sean Connacher, Account Supervisor, Civilian

CC: Bill Carnahan, Interim CEO

Subject: Approval of the SDCP Product Names

Date: November 19, 2020

Recommendation
Adopt SDCP Product Names.

Background
San Diego Community Power (SDCP) has enlisted Civilian, Inc to manage an array of marketing activities to drive awareness, spark community engagement, and minimize opt-outs as the CCA rolls out over the coming months. As the brand identity for SDCP has come to life across a variety of channels, Civilian has researched category conventions for CCAs statewide and surfaced a naming system for SDCP's product offerings (both the default power portfolio and the premium "opt-up" portfolio).

Analysis and Discussion
The following insights drove Civilian's recommendations for SDCP naming:

- Specific rates and details for each product offering may change over time, so the names should be functional rather than descriptive.
- Consumer awareness and recall is difficult for any new brand or product, so the names should be simple rather than complex.
- Building a consistent, memorable brand over time is SDCP's top priority, so the names should support the SDCP brand rather than dilute it.

Civilian shared 3 options with SDCP staff, of which the preferred direction can be found below. While only 2 product offerings will be available for the phased launch, additional proof-of-concept names have been provided to showcase how the system can accommodate new product/program introductions over time. For example, additional programs can be developed to highlight businesses who voluntarily opt-up to the premium product.

SDCP Core Names:

- PowerOn (default)
- PowerFull (premium)

SDCP Proof-of-Concept Names for Future Programs/Products:

- PowerPlus
- PowerUp
- PowerPartner
- PowerPro

Fiscal Impact

There is no fiscal impact associated with this item.

San Diego Community Power

Inclusive and Sustainable Workforce Policy

Purpose

The purpose of this Policy is to further the purposes of San Diego Community Power ("SDCP") Joint Powers Agreement, including: (1) demonstrating quantifiable economic benefits to the region, including prevailing wage jobs and local workforce development; (2) supporting a stable, skilled, and trained workforce; and (3) promoting supplier and workforce diversity including returning veterans and those from regional diverse, disenfranchised, and communities of color.

SDCP intends that this Policy will be updated as SDCP grows and becomes more established.

Policy

1. Inclusive Workforce

   a. SDCP Staff – To help enable a diverse and inclusive staff, SDCP will:
      i. Engage in broad outreach in diverse, disenfranchised, and communities of color, while adhering to SDCP's Non-Discrimination Pledge, to ensure a diverse pool of candidates for open positions;
      ii. Provide fair compensation and benefits that aligns with regional market indicators for compensation levels for each position;
      iii. Be transparent about these practices and lessons learned; and
      iv. Provide contact information for staff who can answer questions about this Policy.

   b. Supply Chain (Goods and Services) – SDCP's commitment to inclusion also extends to its supply chain. Where and from whom SDCP purchases goods and services have important consequences for businesses, customers, and their communities. Where appropriate, an inclusive supply chain is an important driver for successful delivery of SDCP's services to its customers, and of fair and equitable economic development generally.

   Where appropriate, and consistent with applicable law and other SDCP policies, including but not limited to its Procurement Policy, to support a diverse and inclusive supply chain, SDCP will strive to:

      i. Use local businesses and provide fair compensation in the purchases of services and supplies;
      ii. Proactively seek services from local businesses and from businesses that are taking steps to protect the environment;

iii. Engage in efforts to reach diverse, disenfranchised, and communities of color, to ensure an inclusive pool of potential suppliers;
iv. Collect information from vendors and project developers on their status as a women, minority, disabled veteran, and/or LGBT business enterprise (*see* Section 3 below; Cal. Pub. Util. Code § 366.2(m));
v. Encourage reporting from project developers and vendors on inclusivity in business staff (*see* Section 3 below);
vi. Be transparent about these practices and lessons learned; and
vii. Provide contact information for staff who can answer questions about this Policy.

c. Inclusive Business Practices – In representing the communities that make up San Diego Community Power, SDCP will endeavor to ensure that its services and information are accessible to everyone. Therefore, SDCP will strive to:
i. Provide information on SDCP's services in multiple languages commonly spoken in SDCP's service area (including mailers, tabling materials, customer service, call center, workshops and outreach events, advertisements, and other means of customer engagement);
ii. Conduct marketing and outreach in diverse communities to increase awareness of SDCP's services and programs;
iii. Attend multi-cultural community events with multi-lingual materials and speakers; and
iv. Share information about activities and initiatives that promote inclusion, access, and diverse engagement in the community.

d. Non-Discrimination Pledge – SDCP will not discriminate, and will require its contractors to not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

2. Sustainable Workforce

a. PPAs – San Diego Community Power will encourage the submission of information from respondents to any bidding and/or RFP/RFQ process regarding planned efforts by project developers and their contractors to:
i. Employ workers and use businesses from San Diego and Imperial County;
ii. Employ properly licensed contracts and California certified electricians;
iii. Utilize local apprentices, particularly graduates of San Diego and Imperial County pre-apprenticeship programs;

iv. Pay workers the prevailing wage rates for each craft, classification and type of work performed;
v. Display a poster at jobsites informing workers of prevailing wage requirements;
vi. Provide workers compensation coverage to on-site workers; and
vii. Support and use of State of California approved apprenticeship programs.

b. Owned Generation – [*Reserved – section will be updated to support the purposes described in this Policy once programs are further developed. This will include similar components as 2.a above including prevailing wage and inclusion of a licensed and trained workforce.*]

c. Feed-in-Tariffs – [*Reserved – section will be updated to support the purposes described in this Policy once programs are further developed. This will include similar components as 2.a above including prevailing wage and inclusion of a licensed and trained workforce.*]

d. Energy Efficiency/Programs – [*Reserved – section will be updated to support the purposes described in this Policy once programs are further developed. This will include similar components as 2.a above including prevailing wage and inclusion of a licensed and trained workforce.*]

e. Union Neutrality - SDCP will remain neutral regarding whether its employees choose to join or support labor unions and will not interfere with decisions by its contractors' and suppliers' employees about whether to join or support labor unions.

3. Reporting on Diverse Business Enterprises and Inclusive and Sustainable Workforces – Pursuant to California Public Utilities Code section 366.2(m), vendors and project developers under contract with SDCP shall be required to report on their status as women, minority, disabled veteran, and/or LGBT business enterprises, as defined in Public Utilities Code section 8282. Reporting shall occur within one (1) month of contract execution and every January during the term of the contract, or as otherwise required by the California Public Utilities Commission. In addition, vendors and project developers shall report on the number of women, minority, disabled veteran employees performing work for SDCP and the workforce level of these groups which may include administrative assistants, technicians, and executive staff.

4. Legal Compliance – In the event that the application of this Policy to a specific SDCP project or program is limited or proscribed pursuant to applicable state or federal law,

or as a condition of the receipt of state or federal funds, such law or funding condition shall control. In addition, any information collected or received under this Policy shall be used only in a manner consistent with applicable law and SDCP policies.