

Proceeding No.: A.20-04-014
Exhibit No.: _____
Witness: Stacy Fuhrer

**~~AMENDED-UPDATED~~ PREPARED DIRECT TESTIMONY OF
STACY FUHRER
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY**

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



~~April 20~~November 6, 2020

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GLOSSARY

1 **UPDATED PREPARED DIRECT TESTIMONY OF**
2 **STACY FUHRER**
3 **ON BEHALF OF**
4 **SAN DIEGO GAS & ELECTRIC COMPANY**

5 **I. OVERVIEW AND PURPOSE**

6 The purpose of this testimony is to ~~update~~present San Diego Gas & Electric Company's
7 ("SDG&E") rate recovery proposals for its application for approval of its 2021 forecasts of (1) the
8 Energy Resource Recovery Account ("ERRA") revenue requirement, which includes greenhouse gas
9 ("GHG") costs; (2) the Portfolio Allocation Balancing Account ("PABA") revenue requirement and
10 year-end undercollection in PABA; (3) the Competition Transition Charge ("CTC") revenue
11 requirement; (4) the Local Generation ("LG") revenue requirement; (5) the San Onofre Nuclear
12 Generation Station ("SONGS") Unit 1 Offsite Spent Fuel Storage Cost revenue requirement; and (6)
13 the Tree Mortality Non-Bypassable Charge ("TMNBC") revenue requirement; ~~and the sum of 2018~~
14 ~~Local Generating Balancing Account ("LGBA") activity recorded to the LGBA~~ presented in the
15 testimony of SDG&E witness Khoang Ngo.¹

16 In addition, this testimony ~~updates~~presents SDG&E's 2021 proposed rates for: (1) GHG
17 Allowance return to customers, specifically the Small Business Volumetric Return Rate and the
18 Residential California Climate Credit ("CCC"); (2) the vintage Power Charge Indifference
19 Adjustment ("PCIA") rates; and (3) rate components for the Green Tariff Shared Renewables
20 ("GTSR") Program, which includes rates for the Green Tariff ("GT") program and the Enhanced

¹ Although SDG&E included this balancing account in its April filing, it cannot include it in its November Update without a final decision in its 2018 ERRA Compliance. Therefore, SDG&E will include these amounts in its 2022 ERRA Forecast Application.

1 Community Renewables (“ECR”) program. The rates and rate impacts presented in this testimony
2 are calculated using current effective rates² and current authorized sales.³

3 This testimony is organized as follows:

- 4 1. Section II – 2021 Rate Impacts to Reflect Recovery of Updated Revenue
5 Requirements for ERRA, PABA, CTC, LG and SONGS;
- 6 2. Section III – 2021 Rates for the Return of GHG Allowance Revenues;
- 7 3. Section IV – 2021 PCIA Rates;
- 8 4. Section V – 2021 Rates for SDG&E’s GTSR Program;
- 9 5. Section VI – Summary and Relief Requested; and
- 10 6. Section VII – Qualifications.

11 **II. 2021 RATE IMPACTS TO REFLECT RECOVERY OF UPDATED REVENUE**
12 **REQUIREMENTS FOR ERRA, PABA, CTC, LG AND SONGS**

13 SDG&E requests the recovery in rates of the following 2021 revenue requirements⁴ presented
14 in the direct testimony of SDG&E witness Khoang Ngo:

- 15 1. 2021 ERRA Revenue Requirement of \$~~597.164~~655.482 million (~~\$604.409~~663.435
16 million including Franchise Fees and Uncollectible Expenses (“FF&U”)) for recovery
17 of the “up-to-market” energy procurement costs, which include GHG costs, associated
18 with serving SDG&E’s bundled service customers;⁵

² Effective ~~April-October~~ 1, 2020 per Advice Letter (“AL”) ~~35143619~~-E.

³ SDG&E filed on March 1, 2018 its Application for Approval of its 2019 Electric Sales Forecast (A.18-03-003) to update its authorized sales. D.18-11-035 in that proceeding authorized SDG&E to update its sales forecast. This change was implemented in SDG&E’s Consolidated AL 3326-E, effective January 1, 2019. SDG&E’s current authorized sales forecast does not reflect Community Choice Aggregation load departure in 2021 while SDG&E’s revenue forecast does reflect departed load.

⁴ The revenue requirement figures in this testimony exclude FF&U unless otherwise noted.

⁵ SDG&E does not propose any changes to the allocation of commodity to customer classes as part of this proceeding. The allocation of commodity costs to customer classes was recently updated on December 1, 2017 per D.17-08-030.

- 1 2. 2021 PABA Revenue Requirement of \$~~369.347~~328.484 million⁶ (~~\$373.828~~332.469
- 2 million including FF&U) for recovery of the “above-market” costs and revenues
- 3 associated with all generation resources that are eligible for cost recovery through
- 4 PCIA rates,^{7 8} and recovery of 2020 year-end balances recorded to PABA of
- 5 \$~~0-122.328~~ million (~~\$123.812~~ million including FF&U);⁹
- 6 3. 2021 CTC Revenue Requirement of \$~~16.473~~11.265 million (~~\$16.673~~11.401 million
- 7 including FF&U) for recovery of above-market costs associated with CTC-eligible
- 8 resources from all customers;¹⁰
- 9 4. 2021 LG Revenue Requirement of \$~~136.242~~122.947 million (~~\$137.895~~124.439
- 10 million including FF&U) for the recovery of net costs associated with resources
- 11 approved by the California Public Utilities Commission (“Commission”) for Cost
- 12 Allocation Mechanism (“CAM”) treatment for recovery from all benefiting customers,
- 13 including all bundled service, Direct Access (“DA”) and Community Choice

⁶ The PABA Revenue Requirement includes the PCIA under-collection balancing account (CAPBA) portion of roughly \$~~0-9.261~~ million (~~\$9.373~~ million including FF&U), which is consistent with D.18-10-019 OP 9 to R.17-06-026. CAPBA is discussed in further detail in Section IV of my testimony.

⁷ In D.07-01-025, the Commission adopted the PCIA methodology for CCA customers.

⁸ AL 3318-E, approved May 30, 2019 and effective January 1, 2019, established the PABA.

⁹ D.19-10-001 authorized the recovery of the PABA prior year-end balance to be recovered through the ERRA Forecast filing in November.

¹⁰ SDG&E does not propose any changes to the allocation of CTC to customer classes as part of this proceeding. The allocation of CTC to customer classes was updated December 1, 2017 per D.17-08-030.

1 Aggregation (“CCA”) customers,¹¹ ~~and return of balances recorded to LGBA of~~
2 ~~\$(91.084) million including FF&U,~~^{12,13,14} ~~and~~

3 5. 2021 SONGS Unit 1 Offsite Fuel Storage Revenue Requirement of \$1.060 million
4 (\$1.073 million including FF&U) for the recovery of costs associated with the spent
5 fuel storage costs; ~~and~~.¹⁵

6 6. 2021 TMNBC Revenue Requirement as set forth in the Testimony of Khoang T. Ngo
7 and confidentiality declaration attached thereto for recovery of costs associated with
8 the tree mortality related procurement costs.¹⁶

9 Table 1 below compares the currently effective revenue requirements to the 2021 proposed
10 revenue requirements discussed above and the GHG Allowance revenues eligible for return to
11 customers through electric rates discussed in more detail below in Section III.

¹¹ In D.13-03-029, the Commission authorized SDG&E to implement the LGC rate component, which is designed to recover new generation costs for local reliability that are deemed to be subject to the CAM policy adopted in D.06-07-029 and D.11-05-005, as a per kilowatt hour non-bypassable charge from all benefiting customers including all bundled service, DA and CCA customers.

~~¹² Consistent with D.06-07-029, LGC is as a per kilowatt hour charge developed by allocating the net costs among all customer classes based on the 12-month coincident peak (“12 CP”) demand methodology, including bundled, DA and CCA customers, and then dividing the resulting customer class revenue by current authorized sales by customer class. SDG&E does not propose any changes to the allocation of LGC to customer classes as part of this proceeding. The allocation of LGC to customer classes was recently updated on December 1, 2017 per D.17-08-030.~~

~~¹³ The exact amount of the LGBA recorded balance requested for return is \$(91,083,979).~~

~~¹⁴ Although SDG&E included this balancing account in its April filing, it cannot include it in its November Update without a final decision in its 2018 ERRAs Compliance. Therefore, SDG&E will include these amounts in its 2022 ERRAs Forecast Application.~~

¹⁵ D.15-12-032 authorized SDG&E to recover the costs of SONGS Unit 1 Offsite Spent Fuel Storage through its ERRAs proceeding.

¹⁶ D.18-12-003, Ordering Paragraph (“OP”) 9, the TMNBC cost will be recovered through the public purpose program (“PPP”) charge. Accordingly, the revenue requirement associated with the TMNBC is not included in the rate impacts.

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Table 1
ERRA, PABA, CTC, LG, SONGS, and GHG Revenue Requirements (\$000)

Line	Description	Current Authorized Revenue Requirement ¹⁷		Proposed Revenue Requirement		Change from Current ¹⁸	Change (%)
		w/o FF&U	w/ FF&U	w/o FF&U	w/ FF&U	w/ FF&U	w/ FF&U
1	ERRA ¹⁹	\$791,611	\$801,215	\$597,164 <u>655,482</u>	\$604,409 <u>663,435</u>	\$(196,807) <u>137,780</u>	- <u>24.617.2%</u>
2	PABA	\$359,065	\$363,421	\$369,347 <u>328,484</u>	\$373,828 <u>332,469</u>	\$10,406 <u>30,952</u>	2.9 - <u>8.5%</u>
3	CTC	\$18,500	\$18,725	\$16,473 <u>1,265</u>	\$16,673 <u>1,401</u>	\$(2,052) <u>323</u>	- <u>11.039.1%</u>
4	LG	\$131,320	\$132,914	\$136,242 <u>122,947</u>	\$137,895 <u>124,439</u>	\$4,981 <u>8,475</u>	3.7 - <u>6.4%</u>
5	SONGS	\$1,060	\$1,073	\$1,060	\$1,073	\$-	0.0%
6	PABA Balance	\$251,008	\$254,054	\$- <u>\$122,328</u>	\$- <u>\$-123,812</u>	\$(254,054) <u>30,242</u>	- <u>100.051.3%</u>
7	LGBA Balance	\$14,248	\$14,420	\$(89,992) <u>0</u>	\$(91,084) <u>0</u>	\$(105,504) <u>(14,420)</u>	- <u>731.6100.0%</u>
8	Subtotal	\$1,566,813	\$1,585,822	\$1,030,293 <u>1,241,566</u>	\$1,042,794 <u>1,256,630</u>	\$(543,028) <u>29,192</u>	- <u>34.220.8%</u>
GHG Allowance Revenues Eligible for Return to Customers							
9	Small Business Volumetric Return		\$(2,902)		\$(1,657) <u>-</u>	\$2,902 <u>124</u>	-100.0 - <u>42.9%</u>
10	Residential CCC		\$(87,310)		\$(122,477) <u>3,536</u>	\$(35,166) <u>226</u>	40.37.1% <u>40.37.1%</u>
11	Subtotal		\$(90,212)		\$(122,477) <u>5,193</u>	\$(32,265) <u>981</u>	35.85.5% <u>35.85.5%</u>
12	Total²⁰		\$1,495,610		\$920,317 <u>161,437</u>	\$(575,293) <u>334,173</u>	- <u>38.522.3%</u>

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¹⁷ Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.

¹⁸ Differences may not equal due to rounding.

¹⁹ Includes GHG costs.

²⁰ Sums may not equal due to rounding. Sums do not include the TMNBC revenue requirement. SDG&E is requesting approval of its 2021 TMNBC revenue requirement, which is set forth in the Testimony of Khoang T. Ngo and confidentiality declaration attached thereto. SDG&E omitted the 2021 TMNBC revenue requirement figures from this table due to confidentiality concerns and because the revenue requirement associated with the TMNBC will be collected via the PPP charge.

Table 2 presents the class average bundled rate impacts associated with the revenue requirements presented in Table 1. SDG&E is requesting rate recovery of those revenue requirements beginning January 1, 2021. The net ~~\$543.028~~329.192 million (including FF&U)²¹ decrease from the currently effective revenue requirements would decrease the system average bundled rate by ~~2.69~~2.964 cents per kilowatt hour (“kWh”), or ~~11.24~~12.35%. Without the Residential Semi-Annual CCC, the system average bundled rate would decrease by ~~2.50~~2.929 cents per kWh, or ~~10.22~~11.97%. A typical bundled non-California Alternative Rates for Energy (“CARE”) residential customer in the inland climate zone using 400 kilowatt-hours could see a monthly summer bill decrease of ~~8.59~~9.9%, or ~~\$10.03~~11.07 (from ~~\$117.41~~111.71 to ~~\$107.38~~100.64). A typical bundled non-CARE residential customer in the inland climate zone using 400 kilowatt-hours could see a monthly winter bill decrease of ~~9.29~~7%, or ~~\$9.95~~10.91 (from ~~\$107.60~~112.36 to ~~\$97.65~~101.45).²²

Table 2
Illustrative Rate Impacts from 2020 ERR, PABA, CTC, LG,
SONGS, and GHG Revenue Requirements²³

Customer Classes	Current Effective Rates ²⁴ (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	27.130	23.84 <u>23.975</u>	(3.289) <u>3.155</u>	-12.12 <u>11.63</u> %
Small Commercial	25.084	23.009 <u>22.573</u>	(2.075) <u>2.511</u>	-8.27 <u>10.01</u> %
Medium and Large Commercial and Industrial	22.123	19.598 <u>19.105</u>	(2.525) <u>3.018</u>	-11.41 <u>13.64</u> %
Agriculture	16.980	15.270 <u>14.865</u>	(1.710) <u>2.115</u>	-10.07 <u>12.46</u> %
Streetlighting	22.132	20.346 <u>20.150</u>	(1.786) <u>1.982</u>	-8.07 <u>8.96</u> %

²¹ This value excludes the portion of revenues that Departing Load customers are forecasted to be responsible for in 2021 for the 2021 PABA revenue requirement and 2020 PABA year-end balance as discussed in Section IV.C.

²² Customers’ actual bill impacts will vary with usage per month, by season and by climate zone. These changes do not reflect the TMNBC revenue requirement.

²³ These rate impacts do not reflect the TMNBC revenue requirement.

²⁴ Rates effective April-October 1, 2020 per AL ~~3514~~3619-E.

System	23.993	21.297 <u>21.029</u>	(2.696) <u>(2.964)</u>	-11.24 <u>12.35</u> %
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2 **III. RATES FOR RETURN OF THE GHG ALLOWANCE REVENUES**

3 In compliance with Decision (“D”) 12-12-033 and D.20-10-002, the GHG allowance revenues
4 eligible for return to customers is based on the GHG Allowance Revenues forecast of
5 ~~\$121.114~~115.836 million (~~\$122.570~~117.242 million including FF&U) presented in the testimony of
6 SDG&E witness Stefan Covic, adjusted for the following:

- 7 1. Reconciliation of ~~2019-2020~~ forecasted with ~~2019-2020~~ year-end actuals recorded in
8 GHG Revenue Balancing Account (“GHGRBA”) presented in the testimony of
9 SDG&E witness Khoang Ngo of ~~\$(0.9853.173)~~ million (including FF&U);
- 10 2. GHG expenses related to customer outreach and education and administrative costs
11 presented in the testimony of SDG&E witness April Bernhardt of \$0.060 million
12 (including FF&U) that will be recorded in the GHG Customer Outreach and Education
13 Memorandum Account (“GHGCOEMA”) and the GHG Administrative Costs
14 Memorandum Account (“GHGACMA”); ~~and~~
- 15 3. Solar on Multifamily Affordable Housing (“SOMAH”) Program funding²⁵ of
16 ~~\$0-11.584~~ million (~~\$0-11.724~~ million including FF&U) ~~for 2021 as the required~~
17 ~~funding set aside has ended June 30, 2020.~~²⁶ In addition, Disadvantaged Community
18 Single-Family Solar Homes (“DAC-SASH”) Program funding of \$1.030 million

²⁵ D.17-12-022 OP 4 requires the IOUs to “each shall reserve 10% of the proceeds from the sale of greenhouse gas allowances defined in Public Utilities Code Section 748.5 through its annual Energy Resource Recover Account (ERRA) proceedings for use in the Solar on Multifamily Affordable Housing program, starting with its ongoing 2018 ERRA forecast proceeding.” Furthermore, D.20-04-012 OP 6 extends SOMAH funding through June 30, 2026.

~~²⁶—SB 92, subset (8), and the 2020 ERRA Decision (D.20-01-005) at page 28 state that SOMAH’s funding has concluded as of June 30, 2020. The Commission’s Proposed Decision (“PD”) for Rulemaking 14-07-002 and Application 16-07-015, issued on March 13, 2020, extends the SOMAH funding through June 30, 2026. This PD will be voted on no sooner than April 16, 2020. As such, SDG&E will include the SOMAH funding in its November 2021 ERRA Forecast Update.~~

1 (\$1.042 million including FF&U),²⁷ the DAC – Green Tariff (“DAC-GT”) Program
 2 funding of \$0 million (\$0 million including FF&U), and the Community Solar Green
 3 Tariff (“CSGT”) Program funding of \$0 million (\$0 million including FF&U), also
 4 presented in the testimony of SDG&E witness Stefan Covic; and²⁸

5 3-4. The SOMAH Program prior year true-up funding for October through December 2019
 6 request of \$0.100 (\$0.102 million including FF&U), the January through June 2020
 7 SOMAH true-up funding request of \$(0.761) (\$(0.770) million including FF&U) and
 8 the SOMAH July through December 2020 true-up funding request of \$5.820 million
 9 (\$5.891 million including FF&U) pursuant to D.20-04-012,²⁹ and also presented in the
 10 testimony of SDG&E witness Khoang Ngo.

11 Table 3 below provides the current authorized and proposed GHG Allowance revenues to
 12 determine the GHG Allowance revenues eligible for return to customers.

13 **Table 3**
 14 **GHG Allowance Revenues³⁰ Eligible for Return to Customers**

	Current Authorized³¹ (\$000)	Proposed (\$000)	Change (\$000)	Change (%)
GHG Allowance Revenues	\$(112,373)	\$(121,114) 115,836	\$(8,741) 3,464	7.83.1%
Interest	\$136	\$(10) 2	\$(146) 134	-107.598.3%

²⁷ In SDG&E’s 2021 ERRR Forecast Application’s Supplemental Testimony filed August 14, 2020, SDG&E requested partial 2021 funding for DAC-SASH through the PPP rate component due to the 15% cap set by § 748.5(c) being exhausted. However, after filing Supplemental Testimony Energy Division advised SDG&E that funding for SOMAH for prior year true-ups does not count towards the 15% cap. As such, SDG&E is not requesting 2021 DAC-SASH funding through PPP rates as there are sufficient funds using GHG allowance revenues.

²⁸ On August 2, 2019, SDG&E filed AL 3412-E and separately on January 31, 2020 SDG&E filed AL 3501-E. SDG&E is waiting for approval of AL 3412-E, currently suspended by the Commission, and AL 3501-E is contingent on the approval of 3412-E.

²⁹ D.20-04-012 OP 5 requires the IOUs to provide July 1 through December 31, 2020 SOMAH funding as a true-up value in their applicable ERRR forecast proceeding.

³⁰ All values exclude FF&U unless otherwise noted.

³¹ Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.

GHG Expenses ³²	\$29	\$5945	\$3016	103.355.5%
Clean Energy/Energy Efficiency Program Costs	\$21,361	\$1,03017,774	\$(20,3313,588)	-95.216.8%
FF&U	\$(1,103)	\$(1,4561,189)	\$(35386)	32.07.8%
Prior Year GHGRBA Revenue Return True-Up ³³	\$1,311	\$(985)3,173	\$(2,296)1,862	-175.2142.1%
GHG Allowance Revenues Eligible for Return to Customers	\$(90,639)	\$(122,47796,031)	\$(31,8385,393)	35.15.9%

1
2 OP 1 of D.12-12-033 and OP 1 of D.20-10-002 direct the Investor Owned Utilities (“IOUs”)
3 to distribute GHG allowances revenues eligible for return to customers in the following manner:³⁴

- 4 1. Emissions-Intensive and Trade-Exposed (“EITE”) entities will receive an annual,
5 fixed-amount on-bill credit based on Commission calculations, discussed below;
6 2. Small Business Volumetric Return is intended to offset the rate impacts of the Cap-
7 and-Trade program in the electricity rates of small businesses, defined as entities with
8 monthly demand not exceeding 20 kilowatts (“kW”) in more than three months in a
9 twelve-month period,³⁵ through a volumetrically calculated rate adjustment and is
10 described in more detail below; and
11 3. Residential CCC for the distribution of all remaining GHG Allowance revenues to
12 residential customers on an equal per residential account basis delivered as a semi-
13 annual, on-bill credit and is described in more detail below. The Emissions Intensive
14 and Trade Exposed (“EITE”) and Small Business Volumetric Return has ended as of

³² GHG Expenses include utility outreach and administrative costs, including IT billing and program management costs, as well as statewide outreach costs.

³³ D.14-10-033, Finding of Fact (“FOF”) 15 allows utilities to use a balancing account to maintain a record of allowance revenues.

³⁴ Consistent with D.15-07-001, OP 18, the Residential Volumetric Return is no longer applicable.

³⁵ D.12-12-033, OP 1(B).

1 ~~2020.³⁶ As such, the GHG Allowance revenues eligible for return to customers will be~~
2 ~~allocated to all residential customers on an equal cents per household basis, which~~
3 ~~will be credited to customers semi-annually as a bill credit, also known as the~~
4 ~~Residential Semi Annual CCC.³⁷~~

5 **1. EITE**

6 ~~OP 1 of D.20-10-002 directs the IOUs to distribute GHG allowance proceeds in the same~~
7 ~~manner as previously directed in D. 12-12-033, D.13-12-002, and D.14-12-037 (as modified by D.15-~~
8 ~~08-006 and D.16-07-007). D.15-01-024 states “[o]nce EITE customers have begun receiving an~~
9 ~~EITE return, the forecast return is based on the recorded prior-year revenue returned to EITE~~
10 ~~customers.”³⁸ In 2020, EITE customers received EITE returns in the amount of \$0.427 million. As~~
11 ~~such, the adjustment to GHG Allowance Revenues eligible for return to customers in 2021 reflects an~~
12 ~~assumed return to EITE customers of \$0.839 million.~~

13 **2. Small Business Volumetric Return**

14 ~~OP 1 of D.12-12-033 defines small businesses as non-residential customers on a general~~
15 ~~service or agricultural tariff with monthly demand not exceeding 20 kW for more than three months~~
16 ~~in a twelve-month period. This includes customers from SDG&E’s Small Commercial, Medium and~~
17 ~~Large Commercial and Industrial, and Agricultural customer classes. Pursuant to OP 1 of D.12-12-~~
18 ~~033 small businesses are entitled to receive allowance revenue returns that will offset the rate impacts~~
19 ~~of GHG costs subject to an assistance factor that determines the amount of transition assistance small~~
20 ~~business customers will receive from GHG Allowance revenues. OP 2 of D.20-10-002 modified the~~

³⁶ ~~D.12-12-033, Appendix 2.~~

³⁷ ~~D.15-07-001, COL 29 stated that beginning January 1, 2016, the GHG offset for upper tier residential customers should be eliminated and that the revenue return allocated to residential customers will consist solely of the semi-annual CCC.~~

³⁸ ~~D.15-01-024, Attachment D, page 5.~~

1 assistance factors applied to small businesses to provide a smoother transition path for the decline in
 2 level of assistance level and avoid discrete and large changes, which can be problematic for small
 3 business customers from year to year, with the 2021 effective factor of 50%.

4 To comply with OP 1 of D.12-12-033 and OP 1 of D.20-10-002, which directs the utilities to
 5 offset the rate impacts of the cap-and-trade program in the electricity rates of small businesses, the
 6 credit is volumetrically-calculated using customer class defined small business bundled sales and
 7 based on the amount of GHG-related costs that are allocated to the defined bundled small business
 8 customers adjusted for the assistance factor, differentiated by customer class. Pursuant to OP 7 of the
 9 same decision, the same credit that is applied to bundled small business customers, differentiated by
 10 customer class, will apply to DA and CCA small business customers to ensure they are treated
 11 equally. In addition, the Small Business Volumetric return is presented as a bill credit applied to the
 12 delivery component of the small business customers' bill and appears as separate line-item referred to
 13 as the Small Business California Climate Credit. Table 4 below presents the Small Business
 14 Volumetric Return rates by customer class and the associated GHG Allowances revenues that will be
 15 returned.

16 **Table 4 – Small Business Volumetric Return**
 17

<u>Customer Class</u>	<u>Rate Impact of GHG Costs (¢/kWh) (A)</u>	<u>Small Business Volumetric Return (¢/kWh) (B)</u>	<u>Assistance (%) (C= -B/A)³⁹</u>
<u>Small Commercial</u>	<u>0.00189</u>	<u>(0.00094)</u>	<u>50%</u>
<u>M/L C&I</u>	<u>0.00225</u>	<u>(0.00112)</u>	<u>50%</u>
<u>Agriculture</u>	<u>0.00159</u>	<u>(0.00080)</u>	<u>50%</u>
	<u>-</u>	<u>-</u>	<u>-</u>

³⁹ May not equal due to rounding.

Small Business Allowance Revenues for Return⁴⁰ (\$000)	-	<u>(\$1,657)</u>	-
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3. Residential CCC

The remaining GHG Allowance revenues eligible for return to customers will be allocated to all residential customers on an equal cents-per-household basis, which will be credited to customers semi-annually as a bill credit, also known as the Residential Semi-Annual CCC.⁴¹ Table 45 below presents the remaining GHG Allowance revenues available for return through the Residential CCC of \$122.47795,532 million, which results in a semi-annual Residential CCC of \$45.2934.60.

**Table 45
GHG Allowance Revenues⁴² Eligible for Return through Residential CCC**

	Current Authorized (\$000)⁴³	Proposed (\$000)	Change⁴⁴ (\$000)	Change (%)
GHG Allowance Revenues Eligible for Return	\$90,639	<u>\$(122,47796,031)</u>	<u>\$(31,8385,393)</u>	<u>35.15.9%</u>
EITE Customer Return Revenues	\$427	<u>\$-\$839</u>	<u>\$(427)412</u>	<u>-100.096.5%</u>
Small Business Volumetric Return Revenues	\$2,902	<u>\$-\$1,657</u>	<u>\$(2,902)1,245</u>	<u>-100.042.9%</u>
Residential CCC Revenues	\$87,310	<u>\$122,47793,536</u>	<u>\$35,1666,226</u>	<u>40.37.1%</u>
Residential Semi-Annual CCC (\$/semi-annual)	\$32.28	<u>\$45.2934.60</u>	<u>\$13.022.33</u>	<u>40.37.2%</u>

IV. 2021 PCIA RATES

In D.06-07-030, modified by D.07-01-030, the Commission established authority for the PCIA component of the Cost Responsibility Surcharge (“CRS”) to preserve bundled customer

⁴⁰ Includes FF&U.

⁴¹ D.15-07-001, COL 29 stated that beginning January 1, 2016, the GHG offset for upper tier residential customers should be eliminated and that the revenue return allocated to residential customers will consist solely of the semi-annual CCC.

⁴² Includes FF&U.

⁴³ Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.

⁴⁴ Difference may not equal due to rounding.

1 indifference by ensuring departing load customers pay their share of the cost responsibility associated
2 with the above-market costs based on an administrative benchmark, also known as the “indifference
3 amount,” of the utilities’ total procurement resource portfolio.⁴⁵

4 In D.08-09-012, the Commission continued to refine the indifference amount methodology to
5 better protect bundled customer indifference by introducing the requirement to “vintage” departing
6 load customers, based on their departure date, when determining the customers’ cost responsibility
7 for the “total portfolio” of resources.⁴⁶ Assigning customers to a vintage ensured that departing load
8 customers pay their share of above-market costs associated with the specific vintage portfolio of
9 resources that were acquired to serve them prior to their departure from bundled load service in order
10 to better protect bundled customer indifference. After departure from bundled service, the departing
11 load customers are not required to pay for above-market costs associated with utility procurement
12 commitments after that load departs.

13 In D.11-12-018, the Commission adopted further refinement to the indifference amount
14 methodology recognizing that regulatory and industry changes had impacted energy procurement
15 practices. Changes to the Market Price Benchmark (“MPB”) methodology, used to determine the
16 “above-market” value of electricity, now included the addition of a renewables portfolio standards
17 adder (“RPS adder”) to better reflect the market value of renewable resources and a revised resource
18 adequacy capacity adder (“CAP adder”), which resulted in vintage MPBs.⁴⁷ The vintage portfolio of
19 resources calculation was revised to better reflect time-of-use load variations and also removed load-
20 related costs incurred by the California Independent System Operator (“CAISO”) that are then
21 charged to the utilities.

⁴⁵ In D.07-01-025, the Commission adopted the PCIA methodology for CCA customers.

⁴⁶ D.08-09-012, OP 10.

⁴⁷ D.11-12-018, OP 2.

1 In accordance with D.16-09-044, the Joint Utilities and CCAs⁴⁸ developed a uniform
2 workpaper template through the PCIA Working Group to “facilitate comparison and analysis of the
3 PCIA across utilities.”⁴⁹ Pursuant to D.17-08-026 OP 1 and consistent with SDG&E’s 2020 ERRRA
4 Forecast, SDG&E has reflected the uniform workpaper template as attached in Appendix 7 of D.06-
5 07-030 as part of this filing. The Commission further ordered in D.18-10-019 that PG&E, SCE and
6 SDG&E develop a uniform common template for the calculation of each of their PCIA rates
7 reflecting the changes ordered in the Decision.⁵⁰ SDG&E submitted its common template to the
8 CPUC’s Energy Division and concurrently served the updated common template to the service list
9 for its ERRRA proceeding.

10 In D.18-10-019, the Commission issued a decision modifying the PCIA methodology revising
11 inputs to the MPB that is used to calculate the PCIA. The revised methodology affects PCIA rates
12 that were effective as of January 1, 2019. In addition to the revised MPB inputs, the decision also
13 adopted an annual true-up mechanism, as recommended by a number of parties, as well as a cap that
14 will limit the change of the PCIA rate from one year to the next. Starting in forecast year 2020, the
15 cap level of the PCIA rate is set at 0.5 cents/kWh more than the prior year’s PCIA, differentiated by
16 system average vintage rate. In AL 3318-E, PABA was established to record the “above-market”
17 costs and revenues associated with all PCIA eligible resources by vintage subaccounts. This
18 balancing account became effective as of January 1, 2019.

19 In D.19-10-001, the Commission issued a decision further modifying the PCIA methodology
20 revising the inputs to the billing determinants (sales) that is used to calculate the PCIA rates. The

⁴⁸ SCE, PG&E, SDG&E companies (collectively, the Joint Utilities), CCAs, certain Electric Service Providers and other representatives of Direct Access interests, and consumer, labor and environmental groups participated to the PCIA working group.

⁴⁹ D.17-08-026, p. 2.

⁵⁰ D.18-10-019, OP 3.

1 revised methodology affects PCIA rates that will be effective January 1, 2020.⁵¹ This revision
2 ordered SDG&E to use vintage billing determinants of those responsible for the vintage portfolio to
3 determine PCIA rates, instead of the currently used system billing determinants. In addition, the
4 decision authorized any over/under-collection in the PABA vintage subaccounts in a given year to be
5 rolled into the next year's ERRA Forecast filing. The decision adopted the methodology for SDG&E
6 to true-up the values in PABA for the imputed RPS and RA costs using the updated benchmarks
7 provided by the Energy Division on November 1st. The true-up amounts for both RPS and RA will be
8 booked as adjustments to PABA annually through the ERRA Forecast filing.

9 AL 3436-E established the PCIA under-collection balancing account (CAPBA).⁵² CAPBA
10 establishes an interest-bearing balance account that will be used in the event that the PCIA cap is
11 reached, in order to track any obligation that accrues for departing load customers by vintage
12 subaccounts.⁵³

13 As discussed in the testimony of SDG&E witness Stefan Covic, SDG&E has participated in
14 meet-and-confer activities with the necessary community choice aggregators for forecasting load
15 departure from bundled service within SDG&E's service territory.⁵⁴

16 **A. Indifference Methodology**

17 Under Commission rules,⁵⁵ departing load customers are responsible for their fair share of
18 above-market costs, or an indifference amount, incurred by the utility on behalf of those customers
19 when electric generation costs exceed the current market price, or market price benchmark. To

⁵¹ [SDG&E's 2020 ERRA Forecast Application, D.20-01-005, wasn't approved until January 16, 2020 and implemented into rates February 1, 2020 pursuant to AL 3500-E.](#)

⁵² SDG&E AL 3436-E was filed on September 30, 2019 approved on October 31, 2019.

⁵³ Pursuant to D.18-10-019 OP 9 to R.17-06-026. The CAPBA balance is the portion of PABA revenues that is above the capped system average rate of \$0.005 kWh per vintage.

⁵⁴ Required as part of the [D.20-03-019 Proposed Decision on February 25, 2020 for R.17-06-026](#) per OP1.

⁵⁵ California Public Utilities Code Section 365.2.

1 maintain bundled customer indifference to the departure of SDG&E’s customers to non-utility
2 service, SDG&E calculates the indifference amount to determine the cost responsibility for DA, CCA
3 and other departing load, specifically:

$$\text{Indifference Amount} = \text{CTC} + \text{PCIA}$$

4
5
6 The above-market costs for both the CTC and PCIA are determined using the MPB, a
7 calculated proxy for the market value of electricity. This methodology is consistent with
8 Commission directives, specifically D.11-12-018 and Resolution E-4475. CTC revenue requirements
9 are addressed in the testimony of SDG&E witness Stefan Covic with rate impacts discussed above.

10 In this Application, SDG&E is proposing to update the currently effective vintage PCIA rates
11 and to include the new vintage 2021 PCIA rates to account for customers’ departing load in the
12 second half of ~~2020~~2021. With respect to this 2021 ERRA proceeding, SDG&E’s portfolio of
13 resources, used to calculate the vintage 2021 indifference amounts and the resulting 2021 PCIA rates,
14 will include applicable costs from SDG&E’s:

- 15 • Forecasted 2021 PABA, and CTC revenue requirements;
- 16 • 2020 PABA year-end balance; and
- 17 • ~~Authorized 2021 Department of Water Resources (“DWR”) Power Charge~~
18 ~~costs allocated to SDG&E; and~~
- 19 • SDG&E’s authorized 2021 Non-Fuel Generation Balancing Account
20 (“NGBA”) revenue requirement.⁵⁶

21 ~~However, the 2021 DWR and 2021 NGBA revenue requirements, the 2020 PABA year-end~~
22 ~~balance as well as the vintage 2021 MPBs are not available at the time of this filing.⁵⁷ Therefore, the~~

⁵⁶ ~~SDG&E filed AL 3640-E on November 5, 2020.~~

⁵⁷ ~~SDG&E expects to update this testimony in November once that information is available.~~

1 ~~2020 DWR⁵⁸ and 2020 NGBA⁵⁹ revenue requirements, no projected PABA year-end balance⁶⁰, as~~
2 ~~well as the current MPBs⁶¹ were used in the preliminary calculation of the vintage 2021 PCIA rates in~~
3 ~~this testimony and will be updated in SDG&E's November Update filing of this proceeding.~~

4 **B. Treatment of SONGS-related Costs**

5 On July 26, 2018, the Commission approved D.18-07-037 adopting the majority of the 2018
6 Revised Settlement Agreement (“Agreement”), which stated, in part, that SDG&E would cease
7 collecting in rates the revenue requirement authorized to be recovered related to the SONGS
8 regulatory asset.

9 SDG&E's PCIA rates therefore no longer include SONGS-related Regulatory Asset costs.⁶²
10 The only remaining SONGS-related costs included in PCIA rates are non-fuel-related costs
11 authorized in SDG&E's 2019 General Rate Case, which are included in the PCIA rates in Attachment
12 A and Attachment D.

13 **C. PCIA Rate CAP**

14 As part of the ERRA Forecast proceeding, and pursuant to D.18-10-019, SDG&E must now
15 evaluate whether the \$0.005/kWh PCIA cap has been reached based on the system average PCIA rate
16 by customer vintage, using a comparison between ~~the final as implemented PCIA rates from~~ the prior
17 year's ~~ERRA Forecast proceeding DA/CCA PCIA rates~~ and the PCIA rates proposed in the current

~~⁵⁸ Final Decision D.19-12-007-OP2 was issued on December 12, 2019 allocating the final revised 2020 revenue requirement determination of the California Department of Water Resources.~~

~~⁵⁹ SDG&E Filed AL 3459 E-A on November 14, 2019.~~

~~⁶⁰ SDG&E expects to update this testimony in November once that information is available.~~

~~⁶¹ Per SDG&E's updated November 2020 ERRA Forecast Application (A.19-04-010) and D.20-01-005.~~

⁶² In the Order Instituting Investigation on the Commission's Own Motion in the Rates, Operations, Practices, Services and Facilities of Southern California Edison Company (“SCE”) and SDG&E Associated with the San Onofre Nuclear Generating Station Units 2 and 3 (I. 12-10-013), a Joint Motion for Adoption of Settlement Agreement was approved by the Commission in D.18-07-037.

1 year's ERRA Forecast proceeding.⁶³ If the system average PCIA rate by customer vintage is
 2 forecasted to increase by more than \$0.005/kWh, then all PCIA rates for that customer vintage would
 3 be capped.

4 Table 5-6 below provides a comparison of the final PCIA rates as implemented via AL 3500-
 5 E on February 1, 2020 (i.e., the 2020 ERRA Forecast Proceeding per D.20-01-005), the uncapped
 6 PCIA rates calculated using the 2021 ERRA Forecast inputs discussed above as well as the calculated
 7 capped PCIA rates using \$0.005/kWh added to the current effective PCIA system average rate by
 8 vintage.

9 **Table 56**
 10 **PCIA Rate Cap Analysis**

	PCIA 2001 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage	PCIA 2021 Vintage	
2020 PCIA SAR (\$/kWh)	\$0.00004	\$0.01589	\$0.01939	\$0.02726	\$0.02948	\$0.02951	\$0.03001	\$0.02983	\$0.02983	\$0.02944	\$0.03059	\$0.03555	
Forecast 2021 PCIA SAR (\$/kWh)	\$0.00004	\$0.01305	\$0.01772	\$0.02710	\$0.03111	\$0.03137	\$0.03137	\$0.03151	\$0.03342	\$0.03413	\$0.03413		
PCIA Capped Rate (\$0.005/kWh)	\$0.00504	\$0.02089	\$0.02439	\$0.03226	\$0.03448	\$0.03451	\$0.03501	\$0.03483	\$0.03483	\$0.03444	\$0.03559	N/A	
Exceed \$0.005/kWh Cap	No	No	No	No	No	No	No	No	No	No	No		
Estimated Undercollection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	PCIA 2001 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage	PCIA 2021 Vintage
2020 PCIA SAR (\$/kWh)	\$0.00004	\$0.01589	\$0.01939	\$0.02726	\$0.02948	\$0.02972	\$0.02951	\$0.03001	\$0.02983	\$0.02983	\$0.02944	\$0.03059	\$0.03807
Forecast 2021 PCIA SAR (\$/kWh)	\$0.00008	\$0.01253	\$0.01879	\$0.03479	\$0.03830	\$0.03824	\$0.03834	\$0.03837	\$0.03852	\$0.04007	\$0.03931	\$0.03807	
PCIA Capped Rate (\$0.005/kWh)	\$0.00504	\$0.02089	\$0.02439	\$0.03226	\$0.03448	\$0.03472	\$0.03451	\$0.03501	\$0.03483	\$0.03483	\$0.03444	\$0.03559	N/A
Exceed \$0.005/kWh Cap	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Estimated Undercollection	\$ -	\$ -	\$ -	\$ (418)	\$ (10)	\$ -	\$ -	\$ (502)	\$ (977)	\$ (1,179)	\$ (0)	\$ (6,176)	

11
 12
 13
 14 As shown above in table 56, at this time ~~no~~ multiple PCIA customer vintages have increases
 15 that exceed the \$0.005/kWh cap. The revenue shortfall resulting from the rate caps is tracked in the
 16 customer vintage subaccount within CAPBA, for repayment at a later date, and is currently estimated
 17 at \$0-9.261 million (\$9.373 million including FF&U) in 2021. The forecasted revenue shortfall from
 18 these departed load customers in 2021 is then divided by the 2021 forecasted bundled sales to

⁶³ SDG&E's CAPBA Preliminary Statement pursuant to AL 3436-E and approved October 30, 2019.

1 calculate the increase in bundled customers' commodity rates in 2021 to cover the shortfall,⁶⁴ which
2 in 2021 is ~~zero~~\$9.261 million (\$9.373 million including FF&U). The forecasted portion of PABA
3 revenues that Departing Load is responsible for is \$132.695 million (\$134.305 million including
4 FF&U) in 2021.⁶⁵ Therefore, the 2021 CAPBA trigger point of 7% is \$9.401 million and the 10%
5 trigger threshold is \$13.430 million. For illustrative purposes, uncapped PCIA rates resulting from
6 this Application are presented in Attachment D.

7 V. GREEN TARIFF SHARED RENEWABLES PROGRAM

8 In D.15-01-051, the Commission began the implementation of Senate Bill (“SB”) 43, which
9 set a formal requirement for the three California IOUs to implement the Green Tariff Shared
10 Renewables Program (“GTSR”). SB 43 was signed into law by Governor Brown on September 28,
11 2013. The GTSR Program is intended to (1) expand access to “all eligible renewable energy
12 resources to all ratepayers who are currently unable to access the benefits of onsite generation,” and
13 (2) “create a mechanism whereby institutional customers...commercial customers...and groups of
14 individuals...can meet their needs with the electrical generation from eligible renewable energy
15 resources.”⁶⁶

16 Findings of Fact 136 of D.15-01-051, states that “Each IOU’s revenue requirements and
17 associated forecasts of fuel and purchase power...are currently reviewed and approved in the annual
18 ERRA forecast proceeding...” and Finding of Fact 137 states that “[c]oordinating review of true-up
19 of GTSR and credits with the ERRA process will provide greater certainty that entries to the GTSR
20 accounts are stated correctly and are consistent with Commission decisions.” Accordingly, the
21 commodity-related costs and credits as well as the resulting rates applied to GTSR customers are

⁶⁴ SDG&E’s bundled sales were approved in D.18-11-035 and implemented January 1, 2019 per AL 3326-E.

⁶⁵ This value includes the revenue shortfall due to the PCIA cap pursuant to D.18-10-019 and tracked in SDG&E’s CAPBA account.

⁶⁶ California Public Utilities Code Section 2831 (b) and (f).

1 presented in this 2021 ERRR forecast application. Pursuant to D.15-01-051, “[t]he RPR [Renewable
2 Power Rate]⁶⁷ and other components of GTSR rates should be updated annually”⁶⁸ and “[c]hanges to
3 the rates can be accomplished through Advice Letters.”⁶⁹ As such, for 2021 SDG&E proposes
4 updating the 2021 GTSR Program rate components, to be effective with SDG&E’s 2021 ERRR
5 Forecast, which as requested, would implement with SDG&E’s 2021 Consolidated Filing to
6 ~~Implement~~ implement January 1, 2021 Electric Rates, assuming Commission approval of this filing
7 in time for inclusion in the Consolidated Filing.

8 The GTSR program includes two rate options: (1) a Green Tariff (“GT”) rate and (2) an
9 Enhanced Community Renewables (“ECR”) rate. The GT program provides customers with the
10 ability to purchase energy that contains a higher percentage of renewable power than offered under
11 other scheduled service. The ECR program provides customers with the ability to purchase
12 renewable energy from community-based projects directly through the developers of those projects
13 (“Developer”).

14 The rate components for the GT and ECR rates⁷⁰ associated with these programs are as
15 follows:

- 16 1. **Renewable Power Rate**⁷¹ for the GT rate is the price that customers pay for the
17 commodity portion which is based on the cost of the incremental local solar projects
18 that the Utility procures for the program. The 2021 cost of local solar component of
19 the GT is ~~\$56.27~~ \$59.61/MWh as described in the direct testimony of SDG&E witness
20 Stefan Covic.⁷² ~~2021 also includes the requested recovery of the undercollected 2018~~

⁶⁷ SDG&E’s RPR was previously referred to as the Cost of Local Solar.

⁶⁸ D.15-01-051, COL 53.

⁶⁹ *Id.* COL 51.

⁷⁰ All GT and ECR rate components include FF&U unless otherwise noted.

⁷¹ SDG&E’s Renewable Power rate was previously referred to as the Cost of Local Solar.

⁷² SDG&E witness Stefan Covic shows the Renewable Power Rate as ~~\$56.27~~ \$59.61/MWh, which is without FF&U. The rate of ~~\$56.95~~ \$60.34/MWh includes FF&U.

1 ~~ending balance of \$0.125 million as described in the direct testimony of SDG&E~~
2 ~~witness Khoang Ngo.⁷³⁷⁴~~

- 3 2. **Renewable Energy Commodity Price**⁷⁵ for the ECR rate is equal to the portion of
4 the renewable generating facility's output that the customer has subscribed to,
5 multiplied by the amount per kWh that the Utility has agreed to pay the developer
6 ("Renewable Energy Commodity Price"). These values are part contract agreement
7 with the Developers and therefore not addressed in this proceeding.
- 8 3. **Renewable Energy Value Adjustment**⁷⁶ for the GT and ECR rates calculates the
9 relative value of energy and capacity for the solar resources supporting the GT and
10 ECR programs compared to the Utility's current portfolio of resources serving all
11 bundled load. The 2021 Renewable Energy Value Adjustment is
12 ~~\$0.007320.00815~~/kWh as described in the direct testimony of SDG&E witness Stefan
13 Covic.⁷⁷
- 14 4. **Administrative Costs** for the GT and ECR rates include incremental costs such as
15 labor and non-labor for program management and policy support, Green-e
16 certification, and information technology ("IT") costs. Per Resolution E-5028 which
17 approved the administrative costs for the GT and ECR programs, the 2021 charge for
18 administrative costs is ~~\$0.002330.00390~~/kWh for GT and \$0.04750/kWh for ECR.⁷⁸
- 19 5. **Marketing Costs** for the GT and ECR rates includes incremental costs needed to
20 implement the marketing plan. These costs are composed of labor (spent for planning,
21 managing to the marketing plan, and community outreach) and non-labor tactical
22 implementation (i.e. creative design, production, translation and mailing fees). Per
23 Resolution E-5028 which approved the marketing costs for the GT and ECR
24 programs, the 2021 marketing charge is ~~\$0.002670.00448~~/kWh for GT and
25 \$0.00092/kWh for ECR.⁷⁹

~~⁷³—As requested in SDG&E's 2018 ERRR Compliance filing (A.19-05-007).~~

⁷⁴ ~~Although SDG&E included this balancing account in its April filing, it cannot include it in its November Update without a final decision in its 2018 ERRR Compliance. Therefore, SDG&E will include these amounts in its 2022 ERRR Forecast Application.~~

⁷⁵ Formerly the Solar Commodity Price.

⁷⁶ D.16-05-006, p. 27 changed the name from Value of Solar Energy and Capacity Adjustment to Renewable Energy Value Adjustment to reflect the ability of multiple renewable technology types to participate in the GTSR Program.

⁷⁷ SDG&E witness Stefan Covic shows the Renewable Energy Value Adjustment as ~~\$0.007320.00815~~/kWh, which is without FF&U. The adjustment of ~~\$0.007410.00825~~/kWh includes FF&U.

⁷⁸ Commission approved AL 3168-E, effective September 26, 2019 per Resolution E-5028.

⁷⁹ Commission approved AL 3168-E, effective September 26, 2019 per Resolution E-5028.

Renewable Energy Value Adjustment ⁸⁵	0.00575	0.007410.00825
Administrative Costs	0.00183	0.002330.00390
Marketing Costs	0.00158	0.002670.00448
SDG&E's Average Commodity Cost Adjustment	See Table 8 below	
WREGIS	\$0.00001	\$0.00001
CAISO GMC	\$0.00074	\$0.00073
Renewable Integration Cost	\$0.00000	\$0.00000
PCIA	See Attachment A	

Table 78
ECR Rate Components

	ECR Rate Components	
	Current Authorized ⁸⁶	Proposed
Renewable Energy Commodity Price ⁸⁷	Refer to Contract	
Renewable Energy Value Adjustment ⁸⁸	0.00575	0.007410.00825
Administrative Costs	0.12671	0.04750
Marketing Costs	0.00176	0.00092
Renewable Energy Commodity Credit ⁸⁹	Refer to Contract	
SDG&E's Average Commodity Cost Adjustment	See Table 8 below	
WREGIS	\$0.00001	\$0.00001
CAISO GMC	\$0.00074	\$0.00073
Renewable Integration Cost	\$0.00000	\$0.00000
PCIA	See Attachment A	

SDG&E's Average Commodity Cost Adjustment is used as a proxy to reflect SDG&E's avoided commodity costs, which ideally would be reflected in the average commodity rate by customer class. To better reflect the avoided commodity cost, the average commodity rate is adjusted for ERRA-related balances given that such balances can cause the average commodity rate to differ

⁸⁵ Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.

⁸⁶ Authorized by D.20-01-005 and effective February 1, 2020 per AL 3500-E.

⁸⁷ Formerly known as Solar Commodity Price.

⁸⁸ Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.

⁸⁹ Formerly known as Solar Commodity Credit.

1 from the costs, as well as adjusted for updated commodity costs as filed in SDG&E's ~~2020-2021~~
 2 NGBA update.⁹⁰ For this reason, SDG&E is substituting the ERRA component of the average
 3 commodity rate by customer class with an ERRA forecast value in order to adjust for ERRA
 4 Balances and updated NGBA costs to better approximate avoided costs, as authorized in D.15-01-
 5 051. SDG&E's 2021 adjusted class average commodity rate for the GTSR rate components is based
 6 on effective average commodity rate by customer class,⁹¹ with the adjustments stated above, are
 7 shown in the Table 8 below. Upon implementation of the 2021 GTSR rates, SDG&E proposes to
 8 update the SDG&E's Average Commodity Cost Adjustment to include current effective commodity
 9 rates at the time of implementation to better reflect the avoided commodity costs.

10 **Table 89**
 11 **GT and ECR Rate Components – Class Average Commodity Adjustment Rates (\$/kWh)**

	Current Authorized⁹²	Proposed
Residential	(0.11796)	(0.074750.06973)
Small Commercial	(0.10541)	(0.069100.06486)
M/L C&I	(0.11605)	(0.079080.07404)
Agricultural	(0.08397)	(0.053950.05037)
Streetlighting	(0.07738)	(0.049080.04579)

12
 13 The PCIA component of the GT and ECR rates comprises the indifference adjustment or the
 14 above market cost of the Utility's existing procurement portfolio and is calculated annually. D.15-
 15 01-051 Finding of Fact 100 states, "[t]he PCIA calculated for DA and CCA customers provides a
 16 reasonable proxy for the GTSR customer indifference charge." Accordingly, the utilities were
 17 directed to use vintaged PCIA as a proxy for the indifference adjustment.⁹³ This is a cost that is

⁹⁰ ~~SDG&E filed AL 3640-E on November 5, 2020. SDG&E file AL 3459 E A on November 14, 2019.~~

⁹¹ Current commodity rates effective ~~4/1/2020 per AL 3514 E~~10/1/2020 per AL 3619-E.

⁹² Effective February 1, 2020 per AL 3500-E.

⁹³ D.15-01-051, p. 103.

1 ultimately born by all customers for resources that were procured on their behalf. GT and ECR
2 customers' PCIA rates will be billed by customer class and customer specific vintage using the 2021
3 PCIA rates discussed above and identified in Attachment A.

4 ~~Per SDG&E AL 3593-E, GTSR participants Per Resolution E-4734, GTSR participants are no~~
5 ~~longer~~ subjected to a termination fee if they cancel their subscription. ~~As such, SDG&E no longer~~
6 ~~calculates or presents termination fees for GTSR participants. -after the 60-day cooling-off period⁹⁴~~
7 ~~beginning on the effective date of the subscription, but prior to the minimum one-year agreement~~
8 ~~term. The GT and ECR Termination Fee is comprised of the above-market costs associated with the~~
9 ~~participant's subscription of solar energy plus any administrative and marketing costs associated with~~
10 ~~the participant's subscription. The above-market costs are calculated as the present value of the~~
11 ~~forecasted difference between the Solar Commodity Price and the sum of MPB in the PCIA~~
12 ~~calculation, the solar value adjustment, and green attributes.~~

13 ~~The GTSR Termination Fees vary by class as follows:~~

14 ~~GTSR Residential Termination Fee: one termination fee for the residential class to make it~~
15 ~~easier for customers to understand and to provide cost certainty in the event of a customer desiring an~~
16 ~~early termination. The current GT Residential Termination Fee is \$70.00 and the current ECR~~
17 ~~Residential Termination Fee is \$80.00.⁹⁵ SDG&E is not proposing a change to the Residential~~
18 ~~Termination fee at this time.~~

19 ~~GTSR Non-Residential Termination Fee: due to the wide potential variation in usage and~~
20 ~~corresponding subscription level for the commercial customers. SDG&E calculates the GTSR Non-~~

⁹⁴ ~~Per SDG&E AL 2745-E/2745-E-A/2745-E-B-3593-E, effective September 18, 2020 and implemented into~~
~~SDG&E's tariffs October 1, 2020 pursuant to AL 3619-E.~~

⁹⁵ ~~Per SDG&E AL 3006-E.~~

~~Residential Termination Fee using above market costs associated with the customer's subscription of solar energy plus administrative and marketing costs.~~

Table ~~9~~10 below presents the termination fees for both the GT and ECR programs for non-residential customers.

Table ~~9~~10: GTSR Non-Residential Termination Fees (\$/kWh)

	Current Authorized⁹⁶	Proposed
GT	\$ 0.01245	\$ 0.0067 <u>10.00000</u>
ECR	\$ 0.02280	\$ 0.0103 <u>10.00000</u>

The detailed components of the GT and ECR rates and the total GT and ECR rates are presented in Attachments B and C of this testimony.

VI. SUMMARY AND RELIEF REQUESTED

Consistent with the rate recovery proposed in this testimony, SDG&E requests the following relief in the Commission's forthcoming decision in this proceeding:

1. Approve for recovery in rates: (1) the 2021 ERRR revenue requirement, which includes GHG costs, of \$~~604.409~~663.435 million; (2) the 2021 PABA revenue requirement of \$~~373.828~~332.469 million and the 2020 PABA undercollection of \$~~0~~123.812 million; (3) the 2021 CTC revenue requirement of \$~~16.673~~11.401 million; (4) the 2021 LG revenue requirement of \$~~137.895~~124.439 million; (5) the SONGS revenue requirement of \$1.073 million; and (6) the TMNBC revenue requirement as

⁹⁶ ~~Approved by D.20-01-005.~~

1 set forth in the Testimony of Khoang T. Ngo and confidentiality declaration attached
2 thereto; ~~and (7) the balances recorded to the LGBA of \$(91.084) million.~~^{9798.99}

3 2. Approve SDG&E's 2021 proposed rates for:

- 4 a. GHG Allowance return to customers for the Residential Semi-Annual CCC of
5 ~~\$45.2934.60~~;
- 6 b. 2021 PCIA rates presented in Attachment A; and
- 7 c. 2021 rate components for the GTSR Program, which includes rates for the GT
8 program and ECR program presented in Attachment B and C.

9 This concludes my updated prepared direct testimony.

⁹⁷ ~~The exact amount of the LGBA recorded balance requested for return is \$(91,083,979).~~

⁹⁸ Although SDG&E included this balancing account in its April filing, it cannot include it in its November Update without a final decision in its 2018 ERRR Compliance. Therefore, SDG&E will include these amounts in its 2022 ERRR Forecast Application.

⁹⁹ All values include FF&U.

1 **VII. QUALIFICATIONS**

2 My name is Stacy Fuhrer and my business address is 8330 Century Park Court, San Diego,
3 California 92123. I received a bachelor's degree in International Management from Central College
4 in 2010, and a master's degree in Global Management from Thunderbird School of Global
5 Management in 2011.

6 I am a Rate Strategy Project Manager II in the Customer Pricing Department of SDG&E. My
7 primary responsibilities include planning, development, and implementation of rate related
8 proceedings, cost-of-service studies and preparation of various regulatory filings. I have been
9 employed by SDG&E since April 2017 and have held my current position since March 2020. I also
10 served as a gas marketer for Sempra Infrastructure for two years. I have been employed with Sempra
11 Energy or SDG&E for 5 years.

12 I have not previously testified before the California Public Utilities Commission.

ATTACHMENT A

2021 CAPPED PCIICA RATES

**SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast**

Attachment A

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers¹⁰⁰
(\$/kWh)

Rate Group	PCIA 2001 Vintage	PCIA 2002 Vintage	PCIA 2003 Vintage	PCIA 2004 Vintage	PCIA 2005 Vintage	PCIA 2006 Vintage	PCIA 2007 Vintage	PCIA 2008 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage
Residential	0.00011	(0.00006)	(0.00006)	0.00624	0.00756	0.01004	0.01005	0.01122	0.01357	0.02027
Small Commercial	0.00009	(0.00005)	(0.00005)	0.00523	0.00634	0.00842	0.00843	0.00940	0.01137	0.01699
Medium & Large C&I	0.00007	(0.00008)	(0.00008)	0.00558	0.00677	0.00899	0.00900	0.01005	0.01216	0.01833
Agriculture	0.00007	(0.00004)	(0.00004)	0.00429	0.00520	0.00691	0.00691	0.00771	0.00933	0.01394
Streetlighting	0.00007	(0.00004)	(0.00004)	0.00411	0.00497	0.00660	0.00661	0.00737	0.00892	0.01332
System Total	0.00008	(0.00007)	(0.00007)	0.00576	0.00698	0.00927	0.00928	0.01035	0.01253	0.01879

¹⁰⁰ As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast

Attachment A Continued

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers¹⁰¹
(\$/kWh)

Rate Group	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage	PCIA 2021 Vintage
Residential	0.03440	0.03668	0.03694	0.03671	0.03724	0.03724	0.03705	0.03698	0.03661	0.03791	0.04054
Small Commercial	0.02888	0.03081	0.03102	0.03084	0.03128	0.03128	0.03112	0.03107	0.03076	0.03184	0.03405
Medium & Large C&I	0.03194	0.03425	0.03448	0.03428	0.03477	0.03477	0.03460	0.03469	0.03424	0.03528	0.03773
Agriculture	0.02409	0.02574	0.02591	0.02576	0.02613	0.02613	0.02600	0.02597	0.02570	0.02659	0.02844
Streetlighting	0.02261	0.02412	0.02429	0.02414	0.02449	0.02449	0.02436	0.02432	0.02407	0.02492	0.02666
System Total	0.03226	0.03448	0.03472	0.03451	0.03501	0.03501	0.03483	0.03483	0.03444	0.03559	0.03807

¹⁰¹ As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers.

ATTACHMENT B

2021 PROPOSED GREEN TARIFF RATE COMPONENTS

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast

Attachment B

2021 Proposed Green Tariff Rate Components

	\$/kWh	\$/kWh	\$/kWh	\$/kWh	\$/kWh
Description	Residential	Sm Commercial	M/L C&I	Agriculture	Streetlighting
Renewable Power Rate	0.05695 0.06034	0.05695 0.06034	0.05695 0.06034	0.05695 0.06034	0.05695 0.06034
Renewable Energy Value Adjustment	0.00744 0.00825	0.00744 0.00825	0.00744 0.00825	0.00744 0.00825	0.00744 0.00825
Administrative Costs	0.00233 0.00390	0.00233 0.00390	0.00233 0.00390	0.00233 0.00390	0.00233 0.00390
Marketing Costs	0.00267 0.00448	0.00267 0.00448	0.00267 0.00448	0.00267 0.00448	0.00267 0.00448
SDG&E's Average Commodity Cost Adjustment	(0.07475) (0.06973)	(0.06910) (0.06486)	(0.07908) (0.07404)	(0.05395) (0.05037)	(0.04908) (0.04579)
WREGIS	0.00001	0.00001	0.00001	0.00001	0.00001
CAISO GMC	0.00073	0.00073	0.00073	0.00073	0.00073
Renewable Integration Cost	0.00000	0.00000	0.00000	0.00000	0.00000
GT Differential	(0.00466) 0.00798	0.00099 0.01285	(0.00899) 0.00367	0.01614 0.02734	0.02104 0.03192
PCIA	See Attachment A				

ATTACHMENT C

**2021 PROPOSED ENHANCED COMMUNITY
RENEWABLES RATE COMPONENTS**

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast

Attachment C

2021 Proposed Enhanced Community Renewables Rate Components

Description	\$/kWh Residential	\$/kWh Sm Commercial	\$/kWh M/L C&I	\$/kWh Agriculture	\$/kWh Streetlighting
Renewable Energy Commodity Price	Refer to Contract				
Value of Solar Energy and Capacity Adjustment	0.00741 <u>0.00825</u>	0.00741 <u>0.00825</u>	0.00741 <u>0.00825</u>	0.00741 <u>0.00825</u>	0.00741 <u>0.00825</u>
Administrative Costs	0.04750	0.04750	0.04750	0.04750	0.04750
Marketing Costs	0.00092	0.00092	0.00092	0.00092	0.00092
Renewable Energy Commodity Credit	Refer to Contract				
SDG&E's Average Commodity Cost Adjustment	(0.07475) <u>(0.06973)</u>	(0.06910) <u>(0.06486)</u>	(0.07908) <u>(0.07404)</u>	(0.05395) <u>(0.05037)</u>	(0.04908) <u>(0.04579)</u>
WREGIS	0.00001	0.00001	0.00001	0.00001	0.00001
CAISO GMC	0.00073	0.00073	0.00073	0.00073	0.00073
Renewable Integration Cost	0.00000	0.00000	0.00000	0.00000	0.00000
<i>ECR Bill Credit</i>	(0.01819) <u>(0.01232)</u>	(0.01253) <u>(0.00745)</u>	(0.02252) <u>(0.01663)</u>	0.00262 <u>0.00704</u>	0.00749 <u>0.01162</u>
PCIA	See Attachment A				

ATTACHMENT D

2021 ILLUSTRATIVE UNCAPPED PCIA RATES

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast

Attachment D

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers¹⁰²
(\$/kWh)¹⁰³

Rate Group	PCIA 2001 Vintage	PCIA 2002 Vintage	PCIA 2003 Vintage	PCIA 2004 Vintage	PCIA 2005 Vintage	PCIA 2006 Vintage	PCIA 2007 Vintage	PCIA 2008 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage
Residential	0.00011	(0.00006)	(0.00006)	0.00624	0.00756	0.01004	0.01005	0.01122	0.01357	0.02027
Small Commercial	0.00009	(0.00005)	(0.00005)	0.00523	0.00634	0.00842	0.00843	0.00940	0.01137	0.01699
Medium & Large C&I	0.00007	(0.00008)	(0.00008)	0.00558	0.00677	0.00899	0.00900	0.01005	0.01216	0.01833
Agriculture	0.00007	(0.00004)	(0.00004)	0.00429	0.00520	0.00691	0.00691	0.00771	0.00933	0.01394
Streetlighting	0.00007	(0.00004)	(0.00004)	0.00411	0.00497	0.00660	0.00661	0.00737	0.00892	0.01332
System Total	0.00008	(0.00007)	(0.00007)	0.00576	0.00698	0.00927	0.00928	0.01035	0.01253	0.01879

¹⁰² As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers.

¹⁰³ Uncapped PCIA rates are presented for illustrative purposes only.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT
2021 ERRR Forecast

Attachment D Continued

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers¹⁰⁴
(\$/kWh)¹⁰⁵

Rate Group	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage	PCIA 2021 Vintage
Residential	0.03709	0.04074	0.04068	0.04078	0.04081	0.04081	0.04097	0.04254	0.04179	0.04054	0.04054
Small Commercial	0.03115	0.03422	0.03417	0.03425	0.03428	0.03428	0.03441	0.03574	0.03510	0.03405	0.03405
Medium & Large C&I	0.03445	0.03803	0.03798	0.03807	0.03811	0.03811	0.03826	0.03990	0.03908	0.03773	0.03773
Agriculture	0.02598	0.02858	0.02854	0.02861	0.02864	0.02864	0.02875	0.02988	0.02934	0.02844	0.02844
Streetlighting	0.02439	0.02679	0.02675	0.02681	0.02683	0.02683	0.02694	0.02797	0.02747	0.02666	0.02666
System Total	0.03479	0.03830	0.03824	0.03834	0.03837	0.03837	0.03852	0.04007	0.03931	0.03807	0.03807

¹⁰⁴ As noted in Section IV, SDG&E has implemented the common workpapers for PCIA rates, which do not distinguish between Continuous and Non-Continuous customers. SDG&E's PCIA rates are applicable to both DA and CCA customers.

¹⁰⁵ Uncapped PCIA rates are presented for illustrative purposes only.

GLOSSARY OF ACRONYMS

Agreement	Settlement Agreement
AL	Advice Letter
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CAP	Capacity Adder
CAPBA	PCIA under-collection balancing account
CCA	Community Choice Aggregation
CCC	California Climate Credit
COL	Conclusion of Law
Commission	California Public Utilities Commission
CRS	Cost Responsibility Surcharge
CSGT	Community Solar Green Tariff
CTC	Competition Transition Charge
DA	Direct Access
DAC-GT	DAC – Green Tariff
DAC-SASH	Disadvantaged Community Single-Family Solar Homes
DWR	Department of Water Resources
ECR	Enhanced Community Renewables
EITE	Emissions-Intensive and Trade-Exposed
ERRA	Energy Resource Recovery Account
FF&U	Franchise Fees and Uncollectibles Expenses
FOF	Finding of Fact
GHG	Greenhouse Gas
GHGACMA	GHG Administrative Costs Memorandum Account
GHGCOEMA	GHG Customer Outreach and Education Memorandum Account
GHGRBA	GHG Revenue Balancing Account
GMC	Grid Management Charges
GT	Green Tariff
GT	Green Tariff
GTSR	Green Tariff Shared Renewables

IT	Information Technology
kW	Kilowatt
kWh	Kilowatt Hour
LG	Local Generation
LGBA	Local Balancing Account
MPB	Market Price Benchmark
MWh	Megawatt-Hour
NGBA	Non-Fuel Generation Balancing Account
PABA	Portfolio Allocation Balancing Account
PCIA	Power Charge Indifference Adjustment
RECS	Renewable Energy Credits
RIC	Renewable Integration Costs
RPS	Renewables Portfolio Standards
SB	Senate Bill
SCE	Southern California Edison
SDG&E	San Diego Gas & Electric Company
SOMAH	Solar on Multifamily Affordable Housing
SONGS	San Onofre Nuclear Generation Station
TMNBC	Tree Mortality Non-Bypassable Charge
WREGIS	Western Renewable Energy Generation Information System