Company: San Diego Gas & Electric (U 902 E)
Proceeding: Application to Review Green Access Programs
Application: A.22-05-___
Exhibit: SDG&E-___

SAN DIEGO GAS & ELECTRIC COMPANY

PREPARED DIRECT TESTIMONY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 31, 2022

EXECUTIVE SUMMARY – CONTENT AND CONTEXT OF THIS TESTIMONY

San Diego Gas & Electric Company ("SDG&E") submits this testimony in support of its application filed pursuant to Decision ("D.") D.18-06-027 and D.21-12-036,[1] addressing SDG&E's Green Access Programs ("GAP").[2] The testimony describes the history, implementation, results, and new proposals regarding SDG&E's GAP, and it largely conforms to the California Public Utilities Commission ("Commission") Energy Division's guidance document[3] for the Investor-Owned Utilities ("IOUs") regarding applications pursuant to the subject decisions. It also addresses the direction set forth in Energy Division's disposition letter[4] responding to SDG&E's request to suspend its GTSR programs in Advice Letter ("AL") 3920-E (submitted December 17, 2021). SDG&E's application requests the following authorizations and Commission direction regarding SDG&E's GAP, all of which are addressed further in this testimony:

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1 D.21-12-036, Ordering Paragraph ("OP") 11 at 55-56.

2 This application and testimony adopt the useful acronym in the Energy Division's guidance document, which includes the following programs providing the disadvantaged access to renewable energy: Disadvantaged Communities-Green Tariff ("DAC-GT"); Community Solar Green Tariff ("CSGT"), and Green Tariff Shared Renewables ("GTSR"). SDG&E has other programs, such as the Solar on Multifamily Affordable Homes program pursuant to D.17-12-022, that also assist the disadvantaged in accessing renewable energy.

3 Commission Energy Division, *Guidance Document for the Disadvantaged Communities Green Tariff (DAC-GT) and community Solar Green Tariff (CSGT) Program 2022 Applications for Review)* (September 2021) ("guidance document"). SDG&E appreciates the efforts of Energy Division staff to rationalize treatment of the disparate programs in the application through the guidance document and workshops. The document is available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/solar-in-disadvantaged-communities/2022-gap-applications-guidance-template.pdf.

4 Peter Skala, Interim Director, Energy Division, to Clay Faber, Director, Regulatory Affairs, *Staff Disposition of San Diego Gas & Electric Company's Advice Letter Request to Suspend EcoChoice and EcoShare Rates (Schedule GT and Schedule ECR)* (April 19, 2022) ("Energy Division's disposition letter").

DAC-GT and CSGT Programs

- **Authorization to terminate SDG&E's allocated megawatt ("MW") portion of the CSGT and DAC-GT programs**[5] due to their unviability because of the limited number of disadvantaged communities ("DACs") in SDG&E's service territory, coupled with tremendous load departure due to the vast majority of customers recently choosing commodity service from Community Choice Aggregators ("CCAs").
- **Authorization to continue to transfer appropriate MWs to CCAs who seek Commission approval for the allocations for their own CSGT and DAC-GT programs.** SDG&E further requests authorization to continue to track and use electric cap and trade auction proceeds and Public Purpose Program ("PPP") funds for these programs, including the CCA portions, and to continue to record transferring of funds to CCAs approved to offer the programs; and SDG&E requests to continue to file budget advice letters each year on February 1 for all direct, discrete IOU costs related to the support of the program, including evaluation through the Energy Resource Recovery Account ("ERRA") proceeding. SDG&E requests to continue to file budget advice letters each year on February 1 for all direct, discrete IOU costs related to the support of the program including evaluation.

[5] While the CSGT, DAC-GT and GTSR efforts are known as "programs," there are also rates components within each of these programs, and each is a commodity rate or credit appearing on a customer's bill. This is necessary to understand because there are references to both programs and rates throughout this document, depending on whether the witness is referring to the program (enrollment, marketing, issuing Request for Proposals ("RFPs"), and the like), versus rate elements such as the commodity costs.

GTSR Program

- **Authorization to suspend SDG&E's GTSR program to protect program participants from impacts to GTSR rates that are on a trajectory to be 20 times higher than the rate was two years ago,** which cannot be overcome through program design changes. As part of this authorization, SDG&E further requests the Commission:
  - Direct SDG&E to seek cost recovery via the path proposed herein of its GTSR program balancing and memo accounts under collections for those costs that have been reviewed through the ERRA Compliance Proceedings and going forward as costs are reviewed in the future Annual ERRA Compliance Proceedings.
  - As SDG&E has been required to offer the programs to all customers, authorize SDG&E to seek recovery of SDG&E's reviewed under collection, and future GTSR program costs, once reviewed, in future Annual ERRA Compliance Proceedings.

The details of SDG&E's proposals are discussed fully below.

I. DAC GREEN TARIFF AND COMMUNITY SOLAR GREEN TARIFF PROGRAM PLANS AND BUDGETS[6] (HOLLIE K. BIERMAN)

A. Program Context

SDG&E has operated the DAC-GT and CSGT programs pursuant to D.18-06-027,

6 The guidance document (at 1) states that it serves as "suggested guidance" for the IOU applications, and it requests (*id.* at 3) that "the IOUs follow the guidelines as closely as possible …." SDG&E finds that the guidance document outline is very useful, but we make one change in the suggested outline taxonomy: rather than list each element of the programs separately and discuss each program under the element, we list each program separately, and then break down the elements of each program. We trust this approach meets the intent of the guidance document and will be convenient for the reader.

D.18-10-007, and Resolution E-4999 (May 30, 2019). D.18-06-027 first approved the mandatory administration of DAC-GT and CSGT for IOUs, as well as the optional administration of these programs for CCAs. This decision requires this Application to review and report on the program activity to date and request modifications to the DAC-GT and CSGT programs,[7] and specifically requires of this Application, "[t]hat the proceeding will include a review of both the programs' costs and benefits, and may result in revisions to the tariff, if appropriate."[8]

B. History of DAC-GT and CSGT Programs

The DAC-GT and CSGT programs were established pursuant to Assembly Bill ("AB") 327,[9] which directed the Commission to provide alternatives to net energy metering ("NEM") tariffs to increase adoption of renewable energy generation in disadvantaged communities. PU Code § 2827.1(b)(1) requires the Commission to:

> Ensure that the standard contract or tariff made available to eligible customer-generators ensures that customer-sited renewable distributed generation continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities.

The program alternatives approved in D.18-06-027 were designed to address barriers of renewable energy adoption in disadvantaged communities. Both the DAC-GT and CSGT programs utilize a similar framework to the GTSR programs approved in D.15-01-051, which aimed to increase access to renewable energy through the implementation of new electric

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7 D.18-06-027, OP 16 at 104.

8 *Id.*

9 AB 327, Stats. 2013-2014, Ch. 611 (2013), c*odified in pertinent part, as later amended in* California Public Utilities Code ("PU Code") §§ 2827 and 2827.1.

tariffs,[10] allowing eligible electric customers to subscribe to a dedicated pool of renewable energy resources such that those customers receive 100% renewable energy. The green tariff concept is designed to overcome certain barriers that customers might otherwise face via traditional renewable energy options, such as on-site solar projects and rooftop solar. Primarily, green tariffs expand access to renewable energy because they can be made available to any customer with an electric account, while on-site solar projects are subject to significant hurdles:

- Many electric customers, such as renters and condominium dwellers, do not own their roof space to site a solar project.
- Roof space may not have adequate room or sun exposure, due to shading or directional alignment.
- The upfront capital investment needed for a customer to install an on-site solar generation project can be significant, including possible roof repair/replacement and electric service upgrades.

The Commission defined DACs as the specific geographic areas identified as being in the top 25% of most disadvantaged using the California's state government CalEnviroScreen tool.[11] The tool scores census tracts across all of California using various inputs (including pollution factors such as traffic and particulate matter levels, as well as participant factors such as income levels, access to healthcare) and ranks them to reflect their aggregate score. The "top 25%" are those census tracts within California that are deemed to be in the top quartile of areas impacted

[10] SDG&E's Green Tariff Shared Renewables programs consists of two tariffs: Schedule GT (Shared Renewable Green Tariff), and Schedule ECR (Enhanced Community Renewables). Both tariffs can be found in miscellaneous tariffs available at https://tariff.sdge.com/tm2/ssi/inc_elec_rates_misc.html.

[11] The most current tool used for this application is CalEnviroScreen 4.0 and is administered by the Office of Environmental Health Hazard Assessment, available at https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40.

most negatively by the factors considered. The CSGT and DAC-GT programs are open to customers who reside in these top 25% census tracts.[12] In addition, for these programs, eligible customers may also be located in census tracts that are in the highest 5% percent of CalEnviroScreen's pollution burden score alone, even if they do not fall in the top 25% as part of the overall CalEnviroScreen score.[13]

As noted in D.18-06-027, many of the prior green tariff products are premium priced products, meaning there was an additional cost for participation that may be cost prohibitive for low-income customers in DACs.[14] DAC-GT was intended to increase access to renewable energy for low-income customers in DACs by allowing them to subscribe to utility-scale solar generation located remotely via an electric tariff and reducing the cost via subsidy.

As part of the program's design, a DAC-GT customer will receive 100% of their electricity from renewable resources and will receive a 20% discount on the electric portion of their energy bill. In addition to the 20% DAC-GT discount, the customer will also receive their standard California Alternative Rates For Energy ("CARE") discount.[15]

Like DAC-GT, CSGT was also designed to address the traditional hurdles of solar adoption by low-income customers in DACs, specifically renters, through local or community based solar projects.[16] Several other programs have been approved to serve this need, such as the

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[12] Note that DACs are tied to census tracts designed by the U.S. Census Bureau and do not comport strictly along city boundaries or zip codes, for example.

[13] D.18-06-027 at 16.

[14] D.18-06-027 at 50.

[15] Low-income customers that are enrolled in the CARE program receive a 30-35 percent discount on their electric bill and a 20 percent discount on their natural gas bill.

[16] D.18-06-027 at 50. Also, this decision approved DAC-SASH (Solar for Affordable Single Homes in DACs) to incentivize the development of on-site solar projects in income qualified single-family housing located in DACs.

Solar for Multifamily Affordable Homes ("SOMAH") program approved in D.17-12-022, which incentivizes on-site solar projects for income-qualified multifamily housing properties.[17] DAC-GT also provides a solution to low-income renters or any other eligible customer with roof space not suitable for on-site solar. The remaining gap in program-based solar incentives for low-income customers in DACs, which CSGT is intended to fill, is to provide access to *locally sited* projects that offer "indirect community ownership."[18]

Regarding the costs of program administration and subsidization, the primary funding sources for DAC-GT and CSGT was to be IOU greenhouse gas ("GHG") allowance proceeds, and once those expire or become unavailable, the programs will use PPP funds as an alternative funding source.[19] The Commission acknowledged this approach was necessary for the DAC-GT and CSGT rate design, because without subsidization, the rates would be cost prohibitive for many customers, including income-qualified DAC customers.[20]

However, a certain portion of costs cannot be collected through GHG allowance proceeds and are now collected through the PPP. The California Air Resources Board's ("CARB") Cap-and-Trade regulation prohibits GHG funds from auction proceeds to be used for "volumetric" returns, including the 20% customer discount, and associated non-procurement administrative and marketing costs. Therefore, GHG funding for those costs may not be used to fund the 20% customer discount, information technology ("IT") upgrades or related administrative and

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[17] D.18-06-027 also authorized the implementation of the DAC-SASH program to incentivize solar. Previously, there was Multifamily Affordable Solar Homes ("MASH") program and Single family Affordable Solar Homes ("SASH") programs as part of the California Solar Initiative ("CSI"). These three programs are not part of this application.

[18] D.18-06-027 at 4, 57.

[19] *Id.* at 4.

[20] *Id.* at 50.

marketing costs. Consistent with CARB guidance, SDG&E agreed that all other costs that support the administration of the DAC-GT and CSGT programs, which include IT upgrades and maintenance, procurement-related administration and marketing, education, and outreach ("ME&O") costs, should be recovered from PPP funds. Consistent with CARB guidance, SDG&E agreed that all other costs that support the administration of the DAC-GT and CSGT programs, which include IT upgrades and maintenance, procurement-related administration, and ME&O costs, should be recovered from PPP funds. SDG&E included this request to change the source of the funding to PPP from GHG in SDG&E's annual CSGT/DAC-GT budget AL 3682-E to be compliant with CARB regulations.[21]

To date, SDG&E has not enrolled any customers in either DAC-GT or in CSGT, as described below.

C. Program Summaries

1. DAC-GT Summary

D.18-06-027 authorized SDG&E to procure, through a competitive solicitation process, up to 18 MW nameplate capacity of eligible solar generation to serve customers participating in the DAC-GT program in SDG&E's territory.[22] Once eligible program generation is available for use, eligible electric customers can be enrolled in the program, whereby 100% of their electric usage would be credited towards the dedicated solar generation. One of the stated goals of the DAC-GT program is to incentivize the development of renewable energy options within DACs, and thus DAC-GT generation facilities must be located in an eligible DAC.[23] In order to

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[21] SDG&E filed AL 3682-E, a Tier 1 AL, on February 1, 2021, with the same effective date.

[22] D.18-06-027 at 18, 53. Resolution E-4999, OP 8 at 69, clarified that IOUs are required to hold two DAC-GT solicitations per year providing an opportunity for solar project developers to submit proposals for DAC-GT dedicated projects.

[23] D.18-06-027 at 56.

incentivize the development of renewable energy projects in DACs, the decision set a cost containment mechanism, which requires IOUs to execute a Power Purchase Agreement ("PPA") with any conforming bid up to the clearing price cap of the 200% of the maximum executed contract price in either the renewable auction mechanism ("RAM") as available peaking category or the green tariff program. Additional details regarding procurement activities associated with SDG&E's DAC-GT program is provided in section below titled "SDG&E's DAC-GT and CSGT Solicitations and Results."

Similar to the incentive provided to solar developers by the higher-than-market price cost cap, DAC-GT also provides a line item 20% discount on participating customers' electric bills to provide a guaranteed economic benefit. The customer bill discount is applied to the customer's current electric rate ("CER"), meaning that once a customer opts into the DAC-GT program, they will experience a net 20% discount from their underlying rate. SDG&E's DAC-GT program is available only to bundled residential electric customers located in a DAC, as defined by the program guidelines, who meet CARE or Family Electric Rate Assistance ("FERA") eligibility criteria. Details can be found in SDG&E's tariff for the program, Schedule DAC-GT.[24]

SDG&E does not have any enrolled customers in DAC-GT because SDG&E has been unable to secure contracts for qualifying renewable power located in DACs.

2. CSGT Summary

SDG&E's CSGT program is authorized to procure up to five MW of total nameplate capacity of eligible solar generation to serve eligible CSGT customers. Like DAC-GT, SDG&E

[24] SDG&E's DAC-GT and CSGT tariffs were filed in AL 3262-E and 3262-E-A, and later revised in ALs 3262-E-B through 3262-E-D, (approved May 13, 2020, and effective December 13, 2019) in response to updated Commission guidance.

was ordered to administer two solicitations each year for eligible CSGT projects, and the same cost containment mechanism is applied. Eligible CSGT solar generation facilities must also be in a DAC. However, a primary distinction of the CSGT program (and a tighter constraint) is that eligible customers must also be located in a DAC within 5 miles of the generation facility. CSGT also provides eligible electric customers the opportunity to subscribe to the dedicated renewable generation for 100% of their electric usage and applies a 20% bill discount on participants electric bill to guarantee that they will experience an economic benefit by participating.

Once dedicated CSGT generation is contracted and online, the program is made available first to residential customers in a DAC located within 5 miles of the project site who meet the eligibility criteria of CARE or FERA. Once at least 50% of the project's capacity has been allocated to low-income customers, the remaining program capacity is made available to the project's Community Sponsor (up to 25%) and non-low-income residential customers that meet the locational criteria.[25] Each CSGT project is required to have at least one Community Sponsor, which is a community-based organization or local government that can facilitate community engagement with the project. Community Sponsors are also eligible to receive the 20% bill discount on portion of the projects generation capacity for which they are enrolled (limited to 25%). Details can be found in SDG&E's tariff for CSGT, Schedule CSGT.[26]

SDG&E does not have any enrolled customers in CSGT because SDG&E has no contracts for qualifying renewable power located in DACs.

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[25] D.18-06-027 at 79-80.

[26] SDG&E, Schedule CSGT, available at https://tariff.sdge.com/tm2/pdf/ELEC_ELEC-SCHEDS_CSGT.pdf.

D. DAC-GT and CSGT Program Eligibility Guidelines

D.18-06-027 and Resolution E-4999 established the eligibility guidelines for SDG&E's DAC-GT and CSGT programs. Eligibility for the two programs is similar, but distinct in certain key areas. Each program's eligibility requires specific criteria that apply to program generation facilities, and separate criteria that apply to program participants. SDG&E has published the program eligibility criteria for DAC-GT and CSGT in the respective program-specific electric tariffs referenced above.

1. SDG&E's DAC-GT Customer Program Eligibility

- Residential utility customer located within SDG&E's service territory.
- Located in a DAC as defined by the program.
- Meets CARE or FERA eligibility criteria.
- Does not take service under net energy metering, virtual net metering, or other renewable generation tariffs.
- Is not participating in a utility pilot program.
- Customers are only eligible to receive the bill discount on one residential service electric account at any one time.
- Customer capacity is not larger than 2 MW of nameplate generation capacity.
- DAC-GT is available to eligible customers on a first come first serve basis, contingent upon the availability of electricity generated from the pool of DAC-GT renewable generating facilities.

2. Eligibility of Community Choice Aggregator & Direct Access Customers

- If a CCA or Electric Service Provider ("ESP") offers a Commission-approved DAC-GT program, those enrolled in the CCA's or ESP's program will be eligible to receive the 20% discount on the SDG&E-portion of their bill (*i.e.*, the Utility Distribution Company ("UDC") charges). CCA customers cannot directly enroll in SDG&E's program.

3. CSGT Program Eligibility

- A utility customer located within the Utility's service territory.
- Located in a DAC as defined by the program (using the same definition as above in DAC-GT).
- Located in a census tract within five miles of the CSGT project to which they are subscribing.
- The first 50% of a CSGT project's capacity must be allocated to residential customers that meet CARE or FERA eligibility requirements.
- *Non-Low-Income Customers*: Non-low-income customers who meet the location eligibility criteria may be added to a waitlist until at least 50% of the project's generation has been subscribed to by low-income CARE or FERA eligible customers. Once a CSGT project has achieved 50% subscription with eligible low-income customers, eligible non-low-income customers can be enrolled.
- *Master-Metered Multi-Family Rates*: Master-metered customers are eligible for CSGT only as non-low-income residential customers, as the utility does not have the consumption data for the sub-metered customers. Eligible master-meter customers may subscribe to a CSGT project once the project has met the 50% low-income requirement.
- *Non-Residential Customers*: Each CSGT Renewable Generating Facility will subscribe a community sponsor, who may be a non-residential customer. A

community sponsor may subscribe up to 100% of their electric usage from the CSGT Renewable Generating Facility, not to exceed 25% of the projects expected generation. Community sponsors will be eligible for the CSGT 20% bill discount on the portion of generation to which they are subscribed only when the project has met the 50% subscription requirement of low-income customers. Once a CSGT project has met the 50% low-income requirement, eligible community sponsors may retain their project subscription and associated bill credits for the life of the project.

  - Multiple eligible community sponsors may participate in a CSGT project if their collective project subscription does not surpass 25% of the CSGT project's generation.

- A single customer capacity may not be larger than two MW of nameplate generation capacity.
- CSGT is available to eligible customers on a first come first serve basis, contingent upon the availability of electricity generated from the pool of CSGT renewable generating facilities.
- Does not take service under net energy metering, virtual net energy metering, or other renewable generation tariffs.
- Is not participating in a utility pilot program.

4. Eligibility of CCA & Direct Access ("DA") Customers:

- CCA customers cannot directly enroll in SDG&E's program. However, if a CCA or an ESP offers a Commission-approved CSGT program, those enrolled in the CCA's or ESP's program will be eligible to receive the 20% discount on the

SDG&E-portion of their bill (*i.e.*, the UDC charges).

As described above, the criteria for eligibility for CSGT and DAC-GT participation is specific and prescriptive. SDG&E has supported the current criteria as it ensures that the programs' participants are the intended group of participants identified by AB 327.

E. DAC-GT and CSGT Procurement Activities (Randy D. Nicholson)

SDG&E's procurement activities to fulfill the DAC-GT and CSGT programs in compliance with Commission requirements in D.18-06-027, D.18-10-007, and Resolution E-4999. SDG&E's procurement activities to fulfill the DAC-GT and CSGT programs in compliance with Commission requirements in D.18-06-027, D.18-10-007, and Resolution E-4999.

D.18-06-027 authorized SDG&E to procure, through a competitive solicitation process, up to 18 MW nameplate capacity of eligible solar generation to serve the DAC-GT program in SDG&E's territory.[27] Once eligible program generation is available for use, eligible electric customers could be enrolled in the program, whereby 100% of their electric usage would be credited towards the dedicated solar generation. One of the stated goals of the DAC-GT program is to incentivize the development of renewable energy options within DACs, and as such, DAC-GT generation facilities are required to be in an eligible DAC.

D.18-06-027 also authorized SDG&E to procure up to five MW of total nameplate capacity of eligible solar generation to serve eligible CSGT customers. Eligible CSGT solar generation facilities must also be in a DAC as defined above, however, a primary distinction of the CSGT program (and tighter constraint) is that eligible customers must also be in a DAC and

[27] D.18-06-027 at 53, 64.

must also reside within five miles of the generation facility.[28] To both incentivize the development of renewable energy projects in DACs and limit cost exposure for non-participating ratepayers, the Decision set a cost-containment mechanism, which requires IOUs to execute a PPA with any conforming bid up to the clearing price cap of the 200% of the maximum executed contract price in either the RAM as available peaking category or the green tariff program.[29]

D.18-06-027 required that the IOUs run competitive RFPs for their DAC-GT and CSGT programs, and that the RFP processes for both programs should operate in conjunction with each other.[30] The Decision further required that the IOUs should run at least two RFPs per year.[31]

1. SDG&E's DAC-GT and CSGT Solicitations and Results

In compliance with Commission requirements in D.18-06-027, D.18-10-007, and Resolution E-4999, SDG&E has to date completed four (4) DAC-GT and CSGT RFPs. Each solicitation was monitored by an Independent Evaluator ("IE"),[32] who among other things,

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28 *Id.* at 65-66.

29 *Id.* at 84.

30 *Id.* at 81.

31 *Id.* at 82.

32 Citations to the IE reports herein identify each report by reference to the date of the solicitation. SDG&E provides these IE reports to the Commission as confidential attachments to the advice letters submitted seeking approval of the RFO results.

- 2020 Spring DAC-GT and CSGT RFP Report of the Independent Evaluator dated October 28, 2020 ("Spring 2020 DAC-GT and CSGT IE Report").
- 2020 Fall DAC-GT RFP Report of the Independent Evaluator dated December 9, 2020 ("Fall 2020 DAC-GT IE Report").
- 2020 Fall CSGT RFP Report of the Independent Evaluator dated December 9, 2020 ("Fall 2020 CSGT IE Report").
- 2021 Spring DAC-GT RFP Report of the Independent Evaluator dated May 24, 2021 ("Spring 2021 DAC-GT IE Report").
- 2021 Spring CSGT RFP Report of the Independent Evaluator dated May 24, 2021 ("Spring 2021 CSGT IE Report").
- 2021 Fall DAC-GT RFP Report of the Independent Evaluator dated November 11, 2021 ("Fall 2021 DAC-GT IE Report").
- 2021 Fall CSGT RFP Report of the Independent Evaluator dated November 11, 2021 ("Fall 2021 SGT IE Report").

reviewed draft documents and processes with SDG&E before the RFPs launched, monitored the evaluation process to ensure equal treatment among participants, and supported clear communications and messaging to ensure confidence in the process. At the conclusion of each solicitation, the IE drafted a report summarizing the process, providing conclusions, and suggesting potential process improvements. The resource requirements and volumes sought in each solicitation for each program are summarized below.

2. DAC-GT Capacity and Resource Requirements

- Project contract minimum size is 0.5 MW nameplate capacity;
- Project contract maximum size is 18 MW nameplate capacity;
- Projects must be located within SDG&E's service territory and, for purposes of DAC-GT, be in a community identified as among the top 25% of communities statewide, by using CalEnviroScreen 3.03, or in the highest 5% of CalEnviroScreen's Pollution Burden that do not have a CalEnviroScreen Score. CalEnviroScreen identifies California Communities that are most effected by and vulnerable to sources of pollution;
- Resources must be new facilities;
- Resources must be an Eligible Renewable Energy Resource as defined in PU Code § 399.12;
- Resources must be CEC-certifiable as an eligible renewable resource by the commercial;
- Operation date;
- Resources must utilize a commercially proven solar technology;
- Resources must sell its entire output and all plant attributes to SDG&E (full

buy/sell) or sell all output and all plant attributes in excess of onsite load to SDG&E (excess sales);

- The full output from the facility must be sold to SDG&E, which means SDG&E will not;
- consider purchasing a portion of a project larger than 18 MW;
- All renewable energy resources procured in this solicitation shall comply with the CARB Voluntary Renewable Electricity ("VRE") Program; and,
- Each DAC-GT Project must meet Green-e© Energy eligibility criteria throughout the Delivery Term of the PPA.

3. CSGT Capacity and Resource Eligibility Requirements:

- Project contract maximum size is up to five MW nameplate capacity;
- Projects must be located within SDG&E's service territory, as well as within a top 25% of disadvantaged communities or in the highest 5% of CalEnviroScreen's Pollution Burden that do not have a CalEnviroScreen score. For purposes of CSGT, a DAC is a community that is identified, by using CalEnviroScreen 3.03, as among the top 25% of communities statewide, as well as census tracts in the highest 5% of CalEnviroScreen's Pollution Burden that do not have a CalEnviroScreen score. CalEnviroScreen identifies California communities that are most effected by and vulnerable to sources of pollution;
- Resources must be new facilities;
- Resources must be an Eligible Renewable Energy Resource as defined in PU Code § 399.12;
- Resources must be CEC-certifiable as an eligible renewable resource by the

commercial operation date;

- Resources must utilize a commercially proven solar technology;
- Resources must sell its entire output and all plant attributes to SDG&E (full buy/sell) or sell all output and all plant attributes in excess of onsite load to SDG&E (excess sales);
- The full output from the facility must be sold to SDG&E, which means that SDG&E will not consider purchasing a portion of a project larger than five MW;
- All solar resources procured on behalf of CSGT customers from an CSGT Project shall comply with the CARB VRE Program. California-eligible greenhouse gas allowances associated with purchases from an CSGT Project shall be retired on behalf of CSGT Customers as part of the VRE Program; and
- Each CSGT Project must meet Green-e© Energy eligibility criteria throughout the Delivery Term of the PPA.

The results of each solicitation are discussed individually below and summarized in the following table:

Table 1-RN:
DAC-GT and CSGT Solicitation Summary

Solicitation	Date Launched	Date Closed	Capacity Sought	Offers Received	Shortlisted offers
2020 Spring DAC-GT	February 26, 2020	April 10, 2020	0.5 MW to 18 MW	0	0
2020 Spring CSGT	February 26, 2020	April 10, 2020	Up to 5 MW	0	0
2020 Fall DAC-GT	August 19, 2020	September 30, 2020	0.5 MW to 18 MW	0	0
2020 Fall CSGT	August 19, 2020	September 30, 2020	Up to 5 MW	0	0
2021 Spring	March 19, 2021	April 23, 2021	0.5 MW to	0	0

Solicitation	Date Launched	Date Closed	Capacity Sought	Offers Received	Shortlisted offers
DAC-GT			18 MW		
2021 Spring CSGT	March 19, 2021	April 23, 2021	Up to 5 MW	0	0
2021 Fall DAC-GT	August 20, 2021	October 1, 2021	0.5 MW to 18 MW	0	0
2021 Fall CSGT	August 20, 2021	October 1, 2021	Up to 5 MW	0	0

4. 2020 Spring DAC-GT Solicitation and CSGT Solicitation

SDG&E's first DAC-GT and CSGT RFPs were released on February 26, 2020, for the purpose of soliciting offers from developers for new in-front-of-the- meter renewable energy resources located in eligible DAC. In preparation for the RFP launch, SDG&E developed a detailed RFP protocol document outlining, among other things, background on the RFPs, DAC-GT, and CSGT program and resource requirements, the procurement process, and evaluation criteria, and schedule. To streamline procurement with developers, prior to commencing procurement, SDG&E also developed a non-modifiable PPA based on the Commission-approved RAM pro forma agreement to be used for either DAC-GT or CSGT projects. Both the protocol document and the PPA were shared with potential participants.

To generate a robust response, SDG&E undertook a marketing campaign to notify potential participants, emailing approximately 3,000 potential market respondents, regulators, and publications about the RFPs. For the initial RFPs, SDG&E hosted a Pre-Bid ("Bidders'") Webinar to discuss each of the RFPs and program requirements with interested parties on March 20, 2020. The following subjects were included in the RFP Webinar Presentations:

- Introduction & Overview of Solicitation
- General Questions and Answers ("Q&A") Guidance
- SDG&E and Supplier Diversity

- Role of the Independent Evaluator
- Overview of Programs
- Overview of Schedule, Product, Procurement Targets and Eligibility Requirements
- Overview of the DAC-GT and CSGT Offer Evaluation Process
- Overview of Bidding Protocols
- Bid Submission Process
- Power Purchase Agreements
- Questions & Answers

Potential respondents were informed that the Bidders' Conference presentations and Q&A would be posted on the RFP Website. Respondents were additionally encouraged to continue to ask additional questions through March 27, 2020. All Q&As were to be promptly posted publicly on the Website without identifying the source of the question. Although Offerors and interested parties had the opportunity to ask questions, no questions were submitted.

Responses to this solicitation were due on April 10, 2020. SDG&E received no offers for either program. Despite the lack of response, the IE believed "SDG&E's 2020 DAC-GT and CSGT RFP's were well publicized" noting that "[u]pon issuance of the solicitation, on February 26, 2020, SDG&E sent emails to approximately 2,818 individuals on SDG&E's distribution list, notifying the recipients of its launch."[33] The IE concluded there "was sufficient outreach for this solicitation, and additionally, that materials relating to the solicitation were available and clear."[34]

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[33] Spring 2020 DAC-GT and CSGT IE Report at 6.

[34] *Id*.

As a result of the lack of participation, SDG&E's procurement team sought guidance from the IE as to whether they should seek an extension to the response deadline for the DAC-GT and CSGT RFPs, or if they should proceed with closing out this first solicitation without receiving any Offers. "The IE supported the final decision to proceed with no extension."[35]

The IE report noted that "SDG&E personnel continue to be open to feedback and proposed improvements" to the solicitations, but it also recognized that "because DAC-GT and CSGT is mandated by the California Legislature and was implemented by the Commission, not all components of the program can be changed."[36] Finally, given the timing of the solicitation (Spring 2020) the IE report speculated that "[T]he low participation is not the result of lack of effort on behalf of the Utility but rather, related to impacts of COVID-19."[37]

5. 2020 Fall DAC-GT Solicitation and CSGT Solicitation

SDG&E's second DAC-GT and CSGT RFPs were released on August 19, 2020, for the purpose of soliciting offers from developers for new in-front-of-the-meter renewable energy resources located in eligible DACs. In preparation for the RFP launch, SDG&E updated its RFP protocol document outlining, among other things, background on the RFPs, DAC-GT, and CSGT program and resource requirements, the procurement process, evaluation criteria, and schedule. SDG&E also reviewed its non-modifiable PPA to be used for either DAC-GT or CSGT projects. Both the protocol document and the PPA were shared with potential participants.

In an effort to address the lack of response in the Spring 2020 RFPs, SDG&E worked with the IE to discuss actions to increase participation in the Fall 2020 solicitation. As a result of those conversations, SDG&E took the following actions:

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35 *Id.* at 7.

36 *Id.* at 9.

37 *Id*. at 8.

- At the launch of the DAC GT solicitations SDG&E sent an email notification to a distribution list of companies and individuals that previously expressed interest in Renewable RFPs. Notification of the Fall Solicitations went out to 2,470 unique parties of interest.
- SDG&E distributed a notification of the DAC-GT Fall Solicitation to the service list of R.14-07-002 (NEM 2.0).
- SDG&E's Public Affairs group worked directly with cities to notify the cities with eligible DACs about the DAC-GT Fall RFP, as well as provided them with the links to the online RFP for distribution to their own service lists.
- SDG&E's Community Relations group collaborated with the environmental non-profit community-based organizations ("CBO"s), DAC interested CBOs, as well as Cleantech San Diego's member network regarding the Fall 2020 Green Tariff solicitation.

Given the lack of participation in previous Bidders' Conferences, SDG&E did not host a Bidders' Conference for these Fall 2020 RFPs. Rather, the Bidders' Conference presentations, and Solicitation Summary Documents were published via SDG&E's DAC-GT and CSGT websites to ensure participants had access to detailed program information. Bidders were urged to monitor the RFP Website periodically for updates and participation instructions, and additionally, were provided the entire month to ask questions on the website. No questions were submitted by interested parties for response by SDG&E.

The solicitation closed on September 30, 2020, and again, despite efforts to increase participation and response, SDG&E received no offers for either RFP. Despite the lack of response, the IE believed "SDG&E's Fall 2020 DAC-CSGT RFO was well publicized" noting that "[u]pon issuance of the solicitation, on August 19, 2020, SDG&E sent the following announcement email to approximately 2,470 individuals on SDG&E's distribution list, notifying the recipients of its launch."[38] The IE concluded there "was sufficient outreach for this solicitation, and additionally, that materials relating to the solicitation were available and clear."[39]

Addressing the participation issue, the report noted "[t]he IE continues to feel the low participation is not the result of lack of effort on behalf of the Utility. From observations and discussions with SDG&E personnel, the IE believes SDG&E remains responsive and supportive of the program in terms of the choice it provides to its customers." Again, noting the timing of the solicitation (Fall 2020), they again speculated that "there likely is a correlation between the ongoing impacts of COVID-19 and low participation in the RFO. The DAC Program was initiated for the first time in the midst of a developing COVID-19 Pandemic which increased in severity throughout the Fall. Consequently, there is no comparison data available as to what responses may have looked like had this not been a factor."[40]

6. 2021 Spring DAC-GT Solicitation and CSGT Solicitation

SDG&E's third DAC-GT and CSGT RFPs were released on March 19, 2021, for the purpose of soliciting offers from developers for new in-front-of-the-meter renewable energy resources located in eligible DACs. In preparation for the RFP launch, SDG&E reviewed its RFP protocol document that provided potential respondents with background on the RFPs, DAC-GT, and CSGT program and resource requirements, the procurement process, evaluation criteria, and schedule. SDG&E also reviewed its non-modifiable PPA in preparation for contracting with

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[38] Fall 2020 CSGT IE Report at 6. *See e.g.,* Fall 2020 DAC-GT IE Report at 6.

[39] *Id*.

[40] Fall 2020 DAC-GT IE Report at 9-10 (citation omitted) and *e.g.,* Fall 2020 CSGT IE Report at 10.

DAC-GT or CSGT projects. Both the protocol document and the PPA were shared with potential participants. In an effort to generate a robust response, SDG&E undertook a marketing campaign to notify potential participants, emailing approximately 2,361 potential market respondents, regulators, and publications about the RFPs.

Given the lack of participation in previous Bidders' Conferences, SDG&E did not host a Bidders' Conference for these Spring 2021 RFPs. Rather, the Bidders' Conference presentations, and/or Solicitation Summary Documents were published via SDG&E's DAC-GT and CSGT websites to ensure participants had access to detailed program information. Bidders were urged to monitor the RFP Website periodically for updates and participation instructions, and additionally, were provided the entire month to ask questions on the website. No questions were submitted by interested parties for response by SDG&E.

The solicitation closed on April 23, 2021, and again no offers were received for either RFP. Despite the lack of response, the IE believed SDG&E's Spring 2021 DAC-GT and DAC-CSGT RFP's were well publicized and that materials relating to the solicitation were available and clear, and again queried whether the deepening pandemic in the winter and spring of 2021 could have contributed to low response.[41]

7. 2021 Fall DAC-GT Solicitation and CSGT Solicitation

SDG&E's fourth DAC-GT and CSGT RFPs were released on August 20, 2021, for the purpose of soliciting offers from developers for new in-front-of-the-meter renewable energy resources located in eligible DACs. In preparation for the RFP launch, SDG&E reviewed its RFP protocol document that provided potential respondents with background on the RFPs, DAC-GT, and CSGT program and resource requirements, the procurement process, evaluation criteria, and

[41] Spring 2021 DAC-GT IE Report at 6 and *e.g.,* Spring 2021 CSGT IE Report at 6.

schedule. SDG&E also reviewed its non-modifiable PPA in preparation for contracting with either DAC-GT or CSGT projects. Both the protocol document and the PPA were shared with potential participants. To generate a robust response, SDG&E undertook a marketing campaign to notify potential participants, emailing approximately 2,664 potential market respondents, regulators, and publications about the RFPs.

Given the lack of participation in previous Bidders' Conferences, SDG&E did not host a Bidders' Conference for these Fall 2021 RFPs. Rather, the Bidders' Conference presentations, and/or Solicitation Summary Documents were published via SDG&E's DAC-GT and CSGT websites to ensure participants had access to detailed program information. Bidders were urged to monitor the RFP Website periodically for updates and participation instructions, and additionally, were provided the entire month to ask questions on the website. No questions were submitted by interested parties for response by SDG&E.

The solicitation closed on October 1, 2021, and as with prior DAC-GT and CSGT solicitations, no offers were received for either RFP. In an effort to better understand the continued low participation in DAC-GT and CSGT program, the IE solicited feedback from the SDG&E team. SDG&E observed that while the pandemic may have played a role in RFP participation, it was likely not the sole or even primary contributor. Between the Spring of 2020, and the Fall of 2021, SDG&E ran several other energy and capacity procurement solicitations, including the 2021-2023 Integrated Resource Plan ("IRP") Reliability RFP, quarterly and multi-year Resource Adequacy RFPs, DRAM solicitations, and Renewable Portfolio Standard ("RPS") RFPs, to which it received adequate and even robust response. Given the robust participation in other solicitations during the same time period, SDG&E postulated that the "requirement to locate the procurement [and projects] in areas defined as Disadvantaged Communities limits participation for most solar developers."[42] That is to say, at least within SG&E's particular service territory, it may be difficult to site and develop solar projects in DACs. SDG&E also discussed with the IE that this requirement – to bring solar projects and energy close to customers, is at the heart of the program's intent and design.[43]

Again, despite the lack of response, the IE believed "SDG&E's Fall 2021 DAC-GT RFO was well publicized" noting that "[u]pon issuance of the solicitation, on August 20, 2021, SDG&E sent the following announcement email to approximately 2,664 individuals on SDG&E's distribution list, notifying the recipients of its launch."[44] The IE concluded there "was sufficient outreach for this solicitation, and additionally, that materials relating to the solicitation were available and clear."[45]

Given the lack of bids in every SDG&E CSGT and DAC-GT solicitation to date, SDG&E requested permission to suspend solicitations for new DAC-GT and CSGT projects. The Commission approved the request on October 28, 2021.[46]

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[42] Fall 2021 DAC-GT IE Report at 10 and *e.g.,* Fall 2021 CSGT IE Report at 10.

[43] *Id*.

[44] Fall 2021 DAC-GT IE Report at 6 and *e.g.,* Fall 2021 CSGT IE Report at 6.

[45] *Id.*

[46] R.14-07-002, letter from Rachel Peterson, Executive Director to Sidney Bob Dietz II, Director, Regulatory Relations, Pacific Gas & Electric Company ("PG&E"), in response to the *Joint IOUs' Request for an Extension of Time to File an Application for Review of the Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) Programs and Additionally to Suspend Solicitations for New DAC-GT and CSGT Projects by Southern California Edison and San Diego Gas & Electric* (October 28, 2021). Energy Division approved SDG&E's request to suspend RFPs in DAC-GT and CSGT until after SDG&E's application for review of these programs is filed and resolved. Depending on the outcome of this application, RFPs, if required, could resume sometime in 2023.

F. DAC-GT and CSGT Program Administration and Status (Hollie K. Bierman)

The DAC-GT and CSGT program tariffs are available to eligible customers. However, customer enrollment and program activity have been limited by the design of the programs and the conditions of each Commission-approved tariff. The programs are available on a first-come first-serve basis, *contingent upon the availability of electricity generated from program specific renewable generation facilities*.[47] SDG&E cannot enroll participants into the DAC-GT or CSGT program unless a qualifying generation facility has been contracted, developed, and received permission to operate through interconnection with the electric grid via SDG&E's Electric Rule 21. Because SDG&E has been unable to secure contracts for such generating facilities, SDG&E has not enrolled any customers.

We believe the main reason SDG&E has not received any bids for solar facilities in local DACs is because of the requirement that DAC-GT and CSGT generation facilities must be physically located in or near DACs, using the top 25% DAC definition, which in SDG&E's territory, do not contain sites suited for utility-scale solar generation installations. As shown in the image below taken from the CalEnviroScreen tool version 4.0, the majority of DAC-GT or CSGT eligible DACs in SDG&E's territory are in densely populated urban and coastal areas.[48]

Even if the DAC definition was broadened to the top 50% of most disadvantaged census tracts statewide, the DACs in SDG&E's territory would still be largely in urban and very coastal areas and face the same siting limits. While SDG&E has not polled the solar developer

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[47] SDG&E's Schedule DAC-GT and Schedule CSGT, Program Availability section, Sheet 3, available at https://tariff.sdge.com/tm2/ssi/inc_elec_rates_res.html.

[48] Unlike the sprawling and geographically diverse PG&E and Southern California Edison Company ("SCE") service territories, SDG&E serves two adjacent coastal counites, with the population - and the DACs - packed near the coast. SDG&E's territory has no analogue to, for example, the Central Valley, that contains both DACs and rural siting opportunities.

community regarding the challenges associated with meeting the DAC-GT or CSGT qualifications, a few general assumptions can be made about the eligibility criteria in SDG&E's territory:

- As DACs in SDG&E's territory are mostly located in densely populated urban areas, there is a lack of undeveloped land in the DAC tracts large enough to accommodate a utility scale solar project.[49]
- The cost of land in SDG&E's DACs (which are mostly urban and coastal) is very high, and developers interested in installing a generation facility would be competing with the use of that land for other development projects, such as residential and commercial development projects, which may be significantly more lucrative.
- Coastal weather patterns, such as fog and overcast days, impact the performance of solar generation projects.

Given the lack of bids to date in every SDG&E CSGT and DAC-GT solicitation so far, SDG&E has suspended issuing RFP for solar developers.

An independent evaluation report on these programs by Evergreen Economics cites the challenges that SDG&E has faced in procuring renewable generation located in/near its DACs.[50] This testimony discusses the report in the evaluation section below.

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49 Note that solar production itself is risky. Although smaller tracts of land might be available, a small-scale solar project may not justify the fixed costs of development and permitting. Other variables affecting business viability may include the cost of capital, market share, terms with equipment suppliers, expected capacity and weather patterns affecting output such as the coastal marine layer.

50 Evergreen Economics, *Process Evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs, Final Report* (March 31, 2022). The evaluation was co-funded by the IOUs, and Evergreen was selected by the Energy Division to perform the evaluation after a request for proposal process.

G. Program Enrollment:

As described above, due to the procurement status of SDG&E's DAC-GT and CSGT programs, there are no active projects or PPAs in either program. As such, SDG&E has not enrolled any DAC-GT or CSGT participants due to the procurement status of SDG&E's DAC-GT and CSGT programs detailed above. This lack of participation has been noted in SDG&E's ongoing quarterly reports beginning with Q2 2020 activity. The most recent quarterly report on Q1 2022 activity was filed May 2, 2022.[51]

SDG&E has not begun actively marketing the DAC-GT or CSGT programs to customers as there is no expected operational date of a DAC-GT or CSGT generation project and therefore no program available to market. If a PPA is signed with an eligible generating facility, SDG&E would begin to market the DAC-GT in DACs to attract eligible customers as the facility was being built. There would be ample time to ramp up such activity before the generating facility interconnected to the grid.

H. Program Budgets:

To date, in accordance with Resolution E-4999, SDG&E has requested and received approval of DAC-GT and CSGT budgets for program years 2019 – 2022.[52] SDG&E recently filed its latest AL for these budgets in SDG&E AL 3682-E for program year 2023. Forecasted annual budgets for each program are broken out by distinct spending categories, which include customer bill discounts, program administration, above market generation costs, ME&O, as well as evaluation measurement and verification ("EM&V").

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[51] R.14-07-002, *Quarterly Disadvantaged Community Green Tariff and Community Solar Green Tariff Program Progress Report of San Diego Gas & Electric Company* Q1 2022 (May 2, 2022).

[52] Resolution E-4999, OP 2 at 67.

Also in accordance with Resolution E-4999, SDG&E requested funding for the approved DAC-GT and CSGT program budgets through the ERRA proceeding and retained any unspent program funding in the respective program balancing accounts for future use.[53] Also in accordance with Resolution E-4999, SDG&E requested funding for the approved DAC-GT and CSGT program budgets through the ERRA proceeding and retained any unspent program funding in the respective program balancing accounts for future use.[54] SDG&E's annual DAC-GT and CSGT budget advice letters reconcile the prior year's actual budgets and apply any unspent funds to the next year's budget. As a result, any new ERRA funding request is reduced by the currently available funds in the DAC-GT and CSGT balancing accounts.[55] While forecasting DAC-GT and CSGT budgets to date, SDG&E assumes the programs could have up to one-third of the available program capacity online during the next program year. That forecast assumes a very significant uptick in program procurement as well as a consolidated project development timeline. Although SDG&E acknowledges this event is unlikely, it is technically possible, and therefore, SDG&E is reserving program funding in the event a DAC-GT or CSGT project were to quickly come online to ensure there would be funding available to serve customers enrolled. This conservative approach has resulted in approved budgets that have also not been fully spent, as discussed below.

In 2018, SDG&E filed ALs 3262-E through 3262-E-D, which first established the DAC-GT and CSGT tariffs as well as estimated program budgets for a four-year period beginning in 2019. These original 2019 program budget estimates were included in SDG&E's 2019 ERRA

[53] *Id.*, OP 3 at 67-68.

[54] *Id.*

[55] *Id.*, OP 4 at 68.

filing, and subsequently, the program balancing accounts were funded with GHG allowance proceeds. In response to the program modifications and additional guidance issued in Resolution E-4999, SDG&E filed 3412-E and 3412-E-A as a Tier 2 AL to revise the 2019 and 2020 DAC-GT and CSGT budgets estimates.[56] Subsequently, SDG&E filed AL 3501-E (for 2021 program year), AL 3682-E (for 2022 program year), and AL 3944-E (for 2023 program year) on each February 1 of each respective year, to seek Commission approval of its budget requests.[57]

Table 1-HB below depicts the annual budgets requested and approved by the Commission for DAC-GT from its inception to date as well as the actual spending of that budget to date. Table 2 below does the same for CSGT. There are important things to note that are consistent in both tables. As mentioned above, SDG&E's budget requests have all been made with the assumption that projects could come online, with contracts signed, and interconnected, so that customers could enroll in that year. This is done to be ready to support any projects and customers that need to be served. Therefore, in each budget AL, SDG&E requested budget that would allow it to have enough staff to support enrollments, manual billing, and other program management activity such as regulatory reporting, answering customer inquiries, updating the websites and the like. Because the programs have not had any bids into the RFPs and thus, no customer enrollments, the amounts of program management budgets that have been spent have been minimal. There have been no other costs incurred to date for things like above-market commodity costs for power procured, marketing rates to DAC customers, the cost of the

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[56] *Id*.

[57] Since DAC-GT and CSGT budget estimates for the following year must be filed on February 1st of the current year, and 11 months of program operations and spending have not yet occurred, the exact amount of available previously approved funds is not available at the time of each advice letter's filing. Therefore SDG&E provides an updated forecast in each DAC-GT and CSGT annual budget request for the current year's spending, as well as the best available estimate of unused funding that would be available for the next program year.

customer discounts, or manual billing. That is because each of these categories of costs are only incurred if there are contracts and enrollments. Without contracts, there is no marketing, no discount, no enrollments, and no billing. The tables below depict the budget amounts that have remains unspent with the program's results to date.

Table 1-HB: DAC-GT Approved Annual Budgets vs Actuals[58]

Budget Category	**2019 Budget Request**	**2020 Budget Request**	**2021 Budget Request**	***2021 Actuals***	**2022 Budget Request**	***2022 Actuals***	**Total Budget Spent**	**Net/Budget Remaining**
Program Management	$0	$143,000	$148,000	*$9,938*	$152,000	*$5,465*	$15,403	$427,597
IT	$0	$225,000	$5,000	*$0*	$5,000	*$0*	$0	$235,000
Above Market Generation Costs	$0	$0	$1,427,162	*$0*	$1,427,162	*$0*	$0	$2,854,324
Customer Discount	$0	$0	$294,697	*$0*	$567,648	*$0*	$0	$862,345
Marketing	$0	$16,269	$73,000	*$0*	$73,000	*$0*	$0	$162,269
Manual Billing	$0	$0	$375,000	*$0*		*$0*	$0	$375,000
Program Evaluation	$12,000	$12,000	$12,000	*$13,722*	$12,000	*$4,528*	$18,249	$29,751
Total	**$12,000**	**$396,269**	**$2,334,858**	***$23,660***	**$2,236,810**	***$9,993***	**$33,652**	**$4,946,285**

[58] Current data as of March 31, 2022. Budgets requests were approved in AL 3412-E-A, AL 3501-E and AL 3682-E. Evaluation spend reflects SDG&E percentage of total evaluation invoices received through March 31, 2022.

Table 2-HB: CS-GT Approved Annual Budgets vs Actuals[59]

Budget Category	2019 Budget Request	2020 Budget Request	2021 Budget Request	*2021 Actuals*	2022 Budget Request	*2022 Actuals*	Total Budget Spent	Net/Budget Remaining
Program Management	$0	$57,000	$59,000	$9,938	$60,000	$4,057	$13,995	$162,005
IT	$0	$262,500	$5,000	$0	$5,000	$0	$0	$272,500
Above Market Generation Costs	$0	$0	$396,434	$0	$396,434	$0	$0	$792,868
Customer Discount	$0	$0	$115,665	$0	$172,541	$0	$0	$288,206
Marketing	$0	$5,000	$23,000	$0	$23,000	$0	$0	$51,000
Manual Billing	$0	$0	$375,000	$0	$0	$0	$0	$375,000
Program Evaluation	$12,000	$12,000	$12,000	$13,722	$12,000	$4,528	$18,250	$29,750
Total	**$12,000**	**$336,500**	**$986,098**	**$23,660**	**$668,975**	**$8,585**	**$32,245**	**$1,971,328**

SDG&E continues to spend very little on these programs, although it will spend more in 2022 than in previous years to support the filing of this application, including efforts such as strategy planning, data analysis, drafting testimony, policy support and program management input.[60] Without renewable energy procurement to date under the current program design, SDG&E has not realized any program benefits, such as enrollments or new solar being built from which to procure, in relation to the actual costs reflected in the tables above. Further, as customers stop receiving power from SDG&E as they enroll in various CCAs, SDG&E will have very few customers who qualify to participate. SDG&E believes that continuing to spend money on these two programs will not yield different or positive results. This is true even if this

[59] Current data as of March 31, 2022. Budgets reflected were approved in AL 3412-E-A, AL 3501-E and AL 3682-E. Evaluation spend reflects SDG&E percentage of total evaluation invoices received through March 31, 2022.

[60] In keeping with SDG&E's historical funding for staff, SDG&E's staff to support customer programs are generally not funded in the General Rate Case but are funded as discreet costs charged to each program that those staff support.

proceeding were to expand procurement of solar to be sited outside of SDG&E's territory, because very few customers will remain in SDG&E's DAC tracts as a result of customers choosing newly-formed CCA service. SDG&E discusses below its plans for CSGT and DAC-GT accordingly.

I. Response to the Final Evaluation Report on CSGT and DAC-GT

Pursuant to D.18-06-027, on March 31, 2022, Evergreen Economics issued its final version of its report, *Process Evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs.*[61] The report indicated that the main barrier to program implementation was based on the low number of solar developer responses to the DAC-GT and CSGT solicitations. PG&E has seen modest success for DAC-GT solicitations, but no responses were received for SDG&E and SCE. There is less participation with CSGT having no customers enrolled at the time of this research at any part of the state. The report noted the challenge of solar developer participation within SDG&E's territory is due to space constraints and less affordable land, especially in urban areas. The report provides a recommendation to improve solar developer engagement by having the Commission expand the DAC threshold by allowing developers to use rural land further east in SDG&E's service territory to make development more attractive for developers. However, further analysis for DAC-GT of land cost and availability show that SDG&E and SCE service territories are not favorable when compared to PG&E, showing differences across the state in places where solar developers would likely

[61] D.18-06-027, Appendix A, at A-8 - A-9, ordered the evaluation and laid out the schedule. A draft of this report was published for comment on February 15, 2021. SDG&E and other stakeholders provided comments on the draft to the Commission's evaluation team, which were addressed in the final report. Note that the report was not served on the Commission's service list until April 1, 2022.

target their bids.[62] As SDG&E notes above, even if the DAC definition were broadened to a larger percentage of census tracts, even up to as high as 50% of the top census tracts using the CalEnviroScreen 4.0 tool, it is unlikely that this change would result in any RFP bids for SDG&E. SDG&E looks forward to reviewing the responses to the report from other load serving entities, or parties who may propose program changes in in this proceeding that may further expand renewable energy being delivered to customers within DACs. SDG&E will evaluate those proposals on their merits, including cost, and looks forward to collaborating on ideas that may benefit SDG&E's customers.

J. Looking Ahead for DAC-GT and CSGT

In sum, SDG&E proposes to terminate its MW portion of the CSGT and DAC-GT programs effective upon approval of this request by Commission decision. Unused funds transferred to the balancing account for these programs will be available to fund the CCA programs if and when they are approved and effective. At the end of the CCA's program(s), any unused GHG funds should be returned to ratepayers as part of the climate action credits associated with cap-and-trade credit auctions and the proceeds that result from those auctions to generate what are known as GHG funds. If that process is no longer viable for refunding customers at the end of the programs, the Commission should entertain proposals for a new mechanism to return the unused funds to its ratepayers. The details of SDG&E's proposal are below.

[62] Evergreen Economics, *Process Evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs, Final Report* (March 31, 2022) at 70.

1. Coordinating with CCAs within SDG&E's territory interested in DAC-GT and CSGT

Since the launch of the DAC-GT and CSGT programs, SDG&E's service territory has experienced substantial load departure as a result of large CCAs commencing service within its service territory. By the end of 2023, it is expected that more than 78% of SDG&E's total electric customer meters will be served by a CCA for their electric commodity.[63] Since CCA customers are not eligible for SDG&E's CSGT or DAC-GT programs because these programs include commodity rates, the growth of CCAs will significantly limit the number of remaining eligible SDG&E customers for the two programs, should there be any generating facilities that come online to provide that power. Since CCA customers are not eligible for SDG&E's CSGT or DAC-GT programs because these programs include commodity rates, the growth of CCAs will significantly limit the number of remaining eligible SDG&E customers for the two programs, should there be any generating facilities that come online to provide that power.[64]

Currently, there are two operating CCAs in SDG&E's territory; San Diego Community Power ("SDCP") and the Clean Energy Alliance ("CEA"). SDCP began serving customers within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego in 2021. SDCP service has been rolled out in phases, beginning with municipal customers in mid-2021, commercial accounts which came online later, followed by residential service customers which are being phased in throughout 2022. At the end of 2022, SDCP will serve approximately

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[63] SDG&E estimates that it will experience minimal additional CCA migration from the known CCAs formed to date in 2024. SDG&E does not have any estimates beyond 2024 based on what is known today. See Table 3-HB at 38.

[64] By reciting these facts concerning bundled load departure for CCA service, SDG&E is not criticizing the CCA or DA concepts. SDG&E supports both concepts, and customer choice generally, and is working hard to timely accommodate these massive departures for CCA service. The point of reciting these facts is to show how the unanticipated sudden timing and large quantity of departures affect the GAP programs.

52% of SDG&E's total meters numbers (DAC and non-DAC), and about 70% of SDG&E's meters located in DACs using the top 25% definition. SDCP has filed an implementation plan[65] to expand service to include National City and the unincorporated area of San Diego County in 2023, which will increase their percentage of total SDG&E meters served to approximately 66%. CEA is a Joint Powers Authority made up of three cities located in the San Diego region; Carlsbad, Solana Beach, and Del Mar. In 2022, CEA serves approximately 4% of total meters in the territory. CEA has filed its implementation plan[66] to expand to include the cities of Escondido and San Marcos in 2023, which will increase the customers it serves to approximately 11% of SDG&E's total number of meters. A third CCA, Orange County Power Authority ("OCPA"), is in the process of forming and will also be serving some SDG&E customers in 2023. SDG&E also has a small number of customers taking DA commodity service.

Table 3-HB and Table 4-HB below includes the numbers and timing of the anticipated CCA migration within SDG&E's territory as estimated based on available information.

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[65] SDCP, Addendum 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent (November 18, 2021), available at: https://sdcommunitypower.org/wp-content/uploads/2021/12/SDCP-CCA-Implementation-Plan_Addendum-No.-1.pdf.

[66] CEA, Addendum 1 to the Community Choice Aggregation Implementation Plan and Statement of Intent (December 30, 2021), available at: http://thecleanenergyalliance.org/wp-content/uploads/2022/02/12-30-2021-Clean-Energy-Alliance-Implementation-Plan-Addendum-No.-1-.pdf.

Table 3-HB: Migration Timing to Unbundled Service In SDG&E's Territory[67]

Customer Meters	2022	2023	**2024
SDGE	43%	22%	*12%*
SDCP	52%	66%	*66%*
CEA	4%	11%	*20%*
OCPA	0.0%	1.3%	*1.3%*
DA	0.5%	0.5%	*0.5%*
Total	**100%**	**100%**	**100%**

Table 4-HB: Estimated Migrating Load Allocations and Timing[68]

Customer Load	2022	2023	**2024
SDGE	33%	16%	*10%*
SDCP	40%	51%	*51%*
CEA	6%	10%	*17%*
OCPA	0.0%	1.0%	*1.0%*
DA	22%	22%	*22%*
Total	**100%**	**100%**	**100%**

[67] All forecasts based on current customer meter counts and associated loads as of March 1, 2022. Projections for 2024 are estimates only and not reflective of any implementation plans yet to be filed by CCAs in SDG&E's service territory.

[68] All forecasts based on current customer meter counts and their associated loads as of March 1, 2022. Projections for 2024 are estimates only and do not reflect any implementation plans yet to be filed by CCAs in SDG&E's service territory.

While this rapid CCA growth has resulted in fewer remaining SDG&E bundled customers, it is noteworthy to discuss the location of DACs in relationship to CCA growth because of the impact to the CSGT and DAC-GT programs. The vast majority of DAC census tracts in SDG&E's territory are served by CCAs. SDCP filed AL 004-E in September of 2021 requesting allocation of roughly 80% of the SDG&E-allocated total program capacity of CSGT and DAC-GT.[69] SDCP's request is based on SDCP's estimates of the total number of potentially eligible DAC-GT and CSGT customers within the service territory, and the percentage of those electric customers that are located within SDCP's area of service. This methodology of allocation of program capacity is consistent with the method previously used to allocate program capacity to CCAs in other service territories and memorialized in Tables 1 and 2 of E-4999.[70] D.18-06-027 allows CCAs to file with the Commission to notify regulators of the CCA's intent to offer their own DAC-GT or CSGT programs.[71] In such cases, the CCA is required to have their program approved by the Commission, and they may request the corresponding IOU's funds to fund their programs based on those allocations of customers in DACs.

SDCP is also planning growth that will cause their requested MWs to increase even further. Table 5-HB below estimates the number of accounts in SDCP's territory in DACs at the end of 2023, after National City and all of unincorporated San Diego County have transitioned to SDCP service. CEA has also announced its plans to expand their service to include Escondido and San Marcos in 2023, but current estimates show that there are minimum customers in eligible DACs in their expanded territory and none in OCPA's territory. Note that, as illustrated

[69] SDCP AL 004-E, Request for Allocation of DAC-GT and CSGT Program Capacity filed September 21, 2021, is still pending before the Commission. SDG&E did not object to the request or the calculation of the stated MW in the AL.

[70] Resolution E-4999 at 14-15.

[71] D.18-06-027 at 55.

in the table below, SDG&E's estimated MW allocation for both CSGT and DAC-GT programs combined are only 2.8MWs.

Table 5-HB: SDG&E's 2023 Estimated Allocation of MWs Between LSE/ESPs in SDG&E Territory[72]

LSE/ESP	Residential DAC Accounts Served by Entity	Residential DAC Accounts in SDG&E's Service Territory (%)	DAC-GT Allocation (MW)	CSGT Allocation (MW)
SDG&E	8,198	12%	2.2	0.6
San Diego Community Power	57,430	88%	15.8	4.4
Clean Energy Alliance	0	0%	0	0
Total	65,628	100%	18.00	5.00

Figure 1-HB provides an estimated illustration of how SDCP's and CEA's territories will appear when they expand and are fully operational in all planned cities, overlayed with the location of qualified DACs in their territories. The top 25% of CalEnviroScreen's census tracts, depicting SDG&E's DAC areas, are the red/orange tracts depicted in the map.

[72] Table 5-HB reflects residential active accounts and premises as of April 28, 2022. Numbers are estimates only based on the planned transitions of residential customers from unincorporated San Diego County and National City to SDCP service, and from San Marcos and Escondido to CEA service. Actual numbers may vary since some customers may opt-out of CCA service, close accounts, etc. due to customers who will opt-out from CCA service and termination of service.

Figure 1-HB: Partial View of SDG&E Service Territory Depicting DAC Tracts by CCAs in 2023

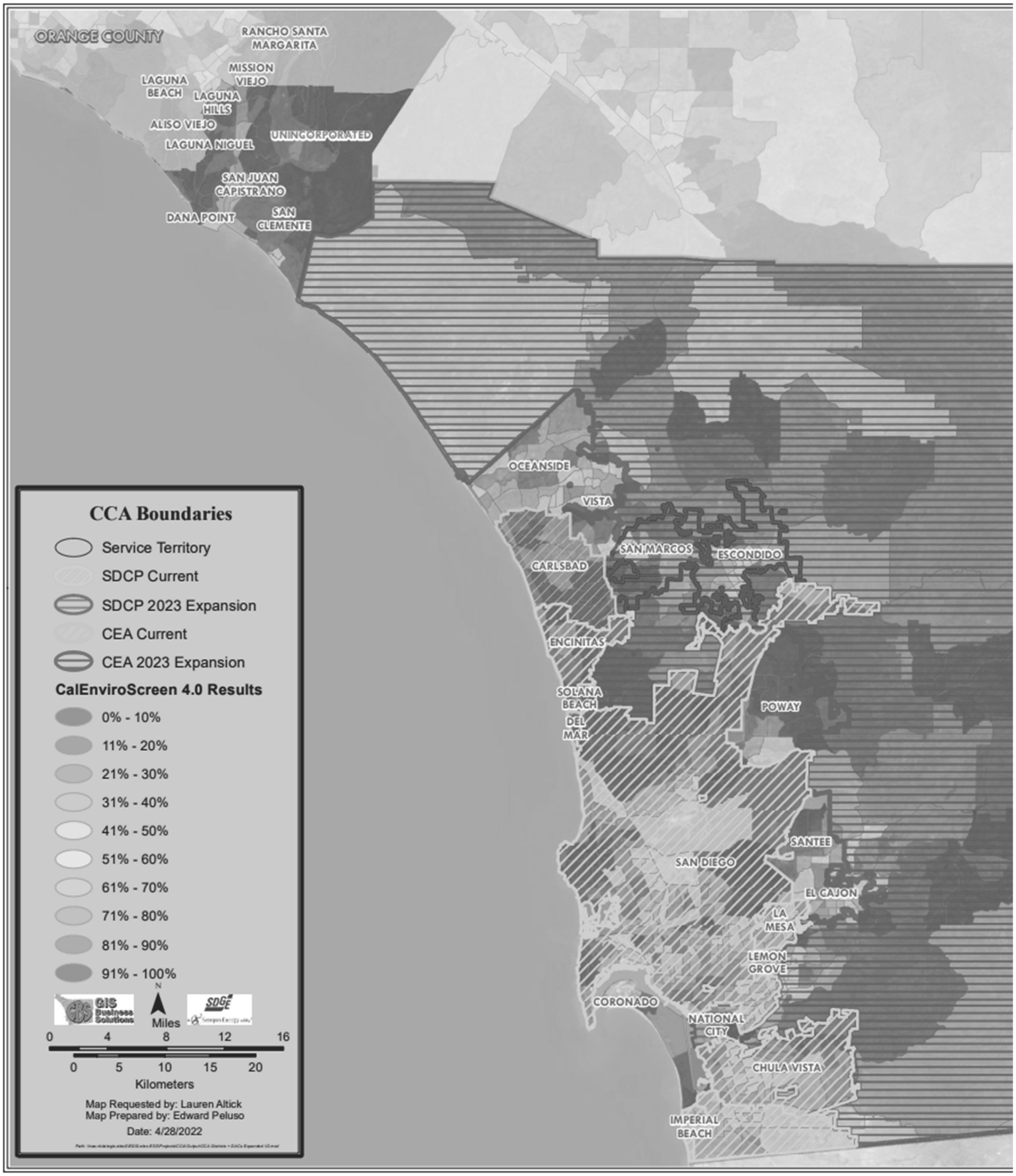

Figure 1-HB above shows that large portions of SDG&E's territory will be served by a CCA in 2022 or 2023. There is very little territory that will not be served by a CCA: only

Oceanside, Vista, Poway, Santee, El Cajon and Coronado, and portions of cities in Southern Orange County. The expansion of SDCP shows in dark blue horizontal lined areas, which extend east all the way to the Imperial County border, indicating that expansion will include all of the unincorporated areas of the territory (more than quadrupling the geographic coverage of SDCP). The map above also indicates that almost all SDG&E's DAC census tracts (as defined in the top 25% of the CalEnviroScreen tool defined above) are in current or expanding SDCP territory.

The expansion of customer choice aggregation in SDG&E's service territory has two main impacts on DAC-GT and CSGT. First, the CCA expansion greatly reduces the number of eligible SDG&E customers in DACs using the top 25% definition. While SDG&E currently services about 32% of DAC accounts in the territory, with SDCP's planned expansion, that number will be reduced to an estimated 12% of DAC accounts by the end of 2023.

Second, there will be fewer DACs in SDG&E's territory in which SDG&E could provide commodity service under these programs because most DACs will be served by SDCP. Since generating facilities must be located in SDG&E's DACs for SDG&E to procure for DAC-GT and CSGT under the current program design, the number of available areas for developers to build solar facilities in DACs is further reduced. The DACs in CCA territories are open for development of solar, but that power must be procured by the CCA and not the IOU. These issues significantly impact SDG&E's ability to successfully attract developers to launch solar generating in its remaining DACs as well as limits the number of customers remaining on bundled service with SDG&E for whom SDG&E might procure this power.

SDG&E looks forward to working with any CCA in its territory that initiates the process for offering a Commission-approved CSGT or DAC-GT program. While SDCP has expressed interest in implementing and offering its own programs via its AL to the Commission, CEA has not yet indicated similar plans. As part of its effort to work with CCAs, SDG&E will abide by the process for transferring the authorized GHG and PPP funds to the CCA for an approved program per D.18-06-027 and Resolution E-4999[73] and will use the regulatory avenues available such as the ERRA proceeding, which determines the funds available for these programs. SDG&E is not seeking any changes in the currently approved process.

2. Proposal for SDG&E's Remaining DAC-GT & CSGT Capacity

The results to date of SDG&E's DAC-GT and CSGT programs indicate that the programs are not well suited for SDG&E's territory, as SDG&E does not have any contracts for energy in DACs after releasing numerous RFPs, nor does it have any resulting customers enrolled. The independent evaluator, Evergreen Economics, supports this assertion as discussed above. Although SDG&E looks forward to identifying prospects, the extensive growth of CCAs in SDG&E's territory makes it very unlikely that any such prospects would be located in a DAC served by SDG&E.[74] This also limits the geographic areas where solar must be sited to serve SDG&E's remaining DAC customers for these programs under the current program design, which requires the solar to be located in SDG&E's DAC tracts. If SDCP's proposal is approved, the majority of SDG&E's DAC program capacity will be transferred to SDCP. If such transfer occurs, there is very little likelihood that SDG&E will procure any power sited in its remaining DACs if the program design remains as it today. SDG&E is not suggesting any program or procurement changes, since its DACs are so few, and the Commission's stated goal for the programs was to encourage local solar development. However, if parties propose procurement

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[73] D.18-06-027 at 58-59, 91; Resolution E-4999 at 18, n.36.

[74] DAC customers refers to customers who receive distribution service from SDG&E and reside in DAC census tracts meeting the top 25% definition.

changes, such as procuring outside their territories, expanding the DAC definition, or propose to procure outside of DACs, for example, SDG&E will consider the impacts of those proposals and the costs. However, because SDG&E will still have so few remaining DAC customers to serve, SDG&E must consider the costs to administer these programs against any remaining benefits. Also, all such efforts would only be in support of approximately 2.8 MW, SDG&E's estimated portion.

Based on the foregoing, the path forward for a viable program for SDG&E's bundled customers is extremely limited. As demonstrated above, SDG&E has experienced no activity to date in its DAC-GT or CSGT program. Although SDG&E has limited its administrative expenses related to DAC-GT and CSGT as much as possible, keeping these programs in operation comes at an expense to ratepayers through reduced climate credits (whatever is left over from unused GHG funds) or PPP charges. SDG&E's DAC-GT and CSGT programs have been fully operational from 2019 through 2022 and there has been no additional renewable energy brought online to serve DAC communities during that time to serve these programs. Eligible electric customers in DACs have also not experienced the intended discounts to their electric bills. With the demonstrated program results to date, it is difficult for SDG&E to justify the continued operation of these programs, with continued administration costs, at the expense of all SDG&E ratepayers, bundled and unbundled, who are charged those administration costs through the PPP. It is not in the public interest to continue incurring these costs with no results to date and very few customers to serve in the future when SDG&E is forecasted to have only approximately 12% of the MW capacity allocated to its procurement for these programs (Table 5-HB above). Therefore, SDG&E requests authority to close the IOU-administered portion of DAC-GT and CSGT programs in its service territory.

If SDG&E's request is granted, SDG&E would not issue any further RFPs for procuring renewable power for these programs. SDG&E suggests that if rules change in an attempt to make the programs viable, the CCAs in SDG&E's territory would presumably be the entities who would benefit from those changes and not SDG&E, as SDCP will serve the estimated 88% of DAC accounts in SDG&E's service territory by 2023. SDG&E's estimates in Table 4-HB show even smaller allocations for SDG&E. This remaining program capacity allocated to SDG&E is likely not large enough to attract solar developers. Prospective developers would need to site new solar in the very few remaining DACs outside of CCA territories, making it a very unlikely that SDG&E could offer those DAC customers any power under the current programs.

SDG&E has operated the DAC-GT and CSGT programs from 2019 – 2022, as well as committed time to program design and for implementation prior to the 2019 program launch. As summarized above, the DAC-GT and CSGT programs have not made progress toward their goals despite SDG&E's efforts towards offering the programs. Because of the trajectory of CCA growth and associated departing loads, the programs will not be corrected by minor programmatic changes. As commodity-based programs, SDG&E will not have enough remaining bundled customers to enroll in these programs, even if there is power procured for them. Allowing SDG&E to close its portion of these programs, and to support the CCAs' ability to operate these programs in their DACs allows SDG&E to reduce overall administration costs and to save funds by not marketing them.

Because these programs are commodity-based programs, CCAs such as SDCP are the appropriate parties to administer them, alongside SDG&E since they offer commodity service. As such, SDG&E supports SDCP's request to assume roughly 80% of DAC-GT and CSGT program capacity, and more as their expansion takes place as announced.[75] As SDG&E proposes to close the remaining capacity associated with its DAC-GT and CSGT programs, any unused funds that have been transferred to the balancing account for these programs will be available to fund the CCA programs when they are effective and become Commission-approved. At the end of the CCAs' program(s), any unused funds should be returned to ratepayers as part of the climate action credits associated with cap-and-trade credit auctions and the proceeds that result from those auctions to generate what are known as GHG funds.[76] SDG&E is not proposing any changes to the processes for funding the CCAs' approved programs such as the transfer of funds from SDG&E's balancing accounts to the CCA for these programs.[77] Similarly, and especially because portions of the programs are funded by PPP charges (charged to both bundled and unbundled customers), SDG&E does not propose any changes at this time to the cost cap to be applied to bid prices in the solicitations.[78]

K. Future Program Goals, Budgets, and Capacity

1. Additional Capacity

SDG&E does not propose changes to the capacity for CSGT and DAC-GT. If SDG&E had been able to procure power in its DACs, that may have been an indication of the need for the

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[75] SDCP's allocation of MWs requested in AL 004-E was based on the CalEnviroScreen 3.0 version which has now been superseded by the 4.0 version and did not include SDCP's plans for expansion.

[76] The PPP funds that are used for portions of funding CSGT and DAC-GT are collected in the following year's PPP charge only after they are spent, so there is no refunding of PPP charges.

[77] *See* SDG&E AL 3944-E, filed February 1, 2022, concerning the balance account treatment of the DAC-GT and CSGT programs. SDG&E recovers program costs in the DAC-GT Balancing Account ("DACGTBA") and the CSGT Balancing Account ("CSGTBA").

[78] The Commission limited the cost cap for contracts: "To limit non-participating ratepayer exposure, utilities should limit contract awards to Community Solar Green Tariff program projects whose bid price is at or below the higher of 200 percent of the maximum executed contract price in either the Renewable Auction Mechanism's as-available peaking category or the Green Tariff program." D.18-06-027 at 84.

cap to increase. As SDG&E has not been able to procure anywhere near the cap, SDG&E sees no reason to raise the cap.

2. CCA Expansion

SDG&E has detailed above the recent CCA expansion in its territory. SDG&E does not have proposed changes to the programs' designs concerning the CCAs' ability to offer or implement the program.

3. Power Charge Indifference Adjustment ("PCIA")[79]

SDG&E does not propose changes to the Power Charge Indifference Adjustment ("PCIA") portion of the rate design. SDG&E has not provided rates testimony in support of this application because it has not offered rate design changes as it deems the programs not viable for SDG&E given the few remaining DACs left for the utility to serve.

4. Activities and Participation Goals

As discussed above, SDG&E has had no program participation. For the reasons cited above, SDG&E does not believe it likely that it will be able to procure power in its remaining DACs, given where they are located. Because of this, SDG&E is proposing to close the IOU portion of the programs. These challenges have been discussed above and can be found in the testimony of Randall Nicholson.

SDG&E recommends that the existing program elements and strategies could continue for any CCA who propose to implement and offer the programs in their own territories. Should those CCAs also propose new changes to the program, SDG&E may choose to review such proposed changes and comment or rebut should they establish policy changes or directives that

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[79] The PCIA is an exit fee charged by utilities in California on customers that depart from bundled service of the utility and choose another provider of electricity generation service possible through DA and CCA.

would impact SDG&E or its ratepayers. Under the proposal above to end SDG&E's portions of the programs, SDG&E also proposes to end its reporting requirements, as well as all program implementation and customer support activities that are apart from the tracking of GHG proceeds and PPP rate collections, transferring funds to CCAs, participating in the funding and implementation of Commission-required evaluations, and establishing budgets for any discreet, direct costs related to those activities.[80] SDG&E does propose to continue to fund the programs, both CSGT and DAC-GT, from GHG funds where allowable under CARB rules and from PPP as previously ordered. SDG&E will be transferring those funds, once authorized, to CCAs who have been authorized to implement the programs in their territories. SDG&E does not see a need for additional IOU budget for this activity through this proceeding unless there are additional activities required of the IOU determined within this proceeding. SDG&E will still file its annual February 1 budget advice letter to seek evaluation funding budget as required, for example. Therefore, SDG&E is not requesting any additional budget in this application. If needed, SDG&E may request additional budget in the future should its role or activities warrant cost recovery consideration.

L. Program Design & Implementation Changes

1. Branding

The guidance document from Energy Division for this application suggested that the ME&O for these programs could be branded in a more standard fashion statewide to reduce customer confusion.[81] SDG&E supports streamlining steps for any area that may garner more enrollments. It is best practice to brand programs once and not change their names if possible, as

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[80] SDG&E currently requests evaluation funding budget each year and banks it in its balancing account to support the triennial evaluation of these programs as ordered in D.18-06-027, OP 7 at 107.

[81] Guidance document at 5.

rebranding can be expensive. The costs and benefits to such rebranding efforts should be weighed before being undertaken. SDG&E is not aware of any data being presented to date on customer confusion across service territories and between IOUs' and CCAs' customers for any of these programs. It is not as likely that residential customers are the potential market for subscribing to any of the programs across multiple IOU service territories. There may be value in standardizing branding for a program active in both an IOU's and a neighboring CCA's territory. However, SDG&E is not aware of any such issues or confusion to date. As a general policy, SDG&E opposes being ordered to use a program name that may not fit SDG&E's program simply to be consistent with a CCA or other Load Serving Entity ("LSE"). SDG&E would prefer to retain its ability to name programs and market them as it wishes.

Lastly, for SDG&E's CSGT and DAC-GT programs, a statewide branding effort would not resolve the challenges experienced by SDG&E in implementing the program. Since SDG&E is seeking authorization to not have to offer either DAC-GT or CSGT to its remaining small number of bundled customers in DACs, this issue should be moot for SDG&E and would apply to the other IOUs and the CCAs.

2. Access

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E has no requests to change the access for CSGT projects.

3. Community Interest

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E has no requests to change the community interest process for CSGT projects.

4. GHG Reduction Communications

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E has no requests to change the GHG communication process for projects.

5. Additional Technologies

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E has no requests to change the technologies for projects.

6. Project Size

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E has no requests to change the project size for projects.

7. Legislative Action

See SDG&E's proposal above regarding CSGT and DAC-GT. There is no legislation needed to alter these two programs as requested at this time.

8. Enrollment, Recertification, and Outreach

See SDG&E's proposal above regarding CSGT and DAC-GT. There are no changes to enrollment, recertification or outreach proposed.

9. Other New and Proposed Strategies

See SDG&E's proposal above regarding CSGT and DAC-GT. SDG&E is not seeking any new strategies other than the authorization to terminate these programs for the IOU's portion of allocated MWs.

10. Program Administration & Oversight

a. Reporting and Metrics

See SDG&E's proposal above regarding CSGT and DAC-GT. There is no legislation needed to alter these two programs as requested at this time.

b. New Program Administrators

SDG&E is not seeking any new additional reporting, metrics or program administrators for these programs in its territory. SDG&E seeks a reduction in reporting for CSGT and DAC-GT once the Commission approves termination of SDG&E's portion of those programs. As these programs are both commodity rates, SDG&E would not support proposals for new program administrators without a full evidentiary record developed on why a new program administrator would be useful to implement these rates. See SDG&E's proposal above regarding CSGT and DAC-GT.

M. Revenue Requirement and Rate Impacts

SDG&E is not seeking additional budget in this application. Thus, SDG&E is not seeking recovery for a new revenue requirement, nor has it calculated associated rate impacts.

SDG&E is also not seeking any changes to the current budget process for CSGT or DAC-GT. SDG&E proposes to continue filing its annual budget advice letter for Commission approval next February 1 and every February following should SDG&E be seeking cost recovery for IOU costs related to the programs.[82] Once the Commission approves SDG&E's request to terminate SDG&E's MW portion of these programs, CSGT and DAC-GT, SDG&E would surmise that budget requests would be extremely minimal, or zero, depending on any activity for which SDG&E would incur costs.

N. Schedule

SDG&E proposes to terminate those programs for its MW allocation upon approval and adoption of a decision in the instant application, including all solicitations. As part of the Commission's termination approval, regular reporting on these programs should likewise

[82] Resolution E-4999, OP 2 at 67.

terminate as there would be nothing to report. See SDG&E's proposal above regarding CSGT and DAC-GT.

This concludes my review of the current status of CSGT and DAC-GT, their costs and benefits in SDG&E's territory as well as SDG&E's proposal for the future of these programs.

II. GREEN TARIFF SHARED RENEWABLES PROGRAM (HOLLIE K. BIERMAN)

This section of testimony responds to GTSR directives in D.21-12-036, which ordered the IOUs to include a review of their GTSR programs in this Application.[83] This section also responds to the instructions in Energy Division's disposition letter of SDG&E's AL 3920-E requesting suspension of GTSR,[84] recommending SDG&E clarify various issues and transition the venue for considering GTSR suspension to this Application.[85]

While the GTSR program was once successful in SDG&E's service territory because it is an energy commodity program, the recent, rapid transition to CCA service in SDG&E's territory has made SDG&E's GTSR unviable, and it must be suspended immediately to protect customers. To sum, about 54% of SDG&E's accounts will have transitioned to CCA service by the end of 2022 and about 75% will be served by CCAs by the end of 2023, resulting in a GTSR market failure that has and will significantly and negatively impact participating customer rates; a circumstance that cannot be overcome by program design changes. It is for this reason SDG&E filed AL 3920-E.

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83 D.21-12-036, OP 11 at 55 – 56, "… [the IOUs] shall include implementation details of their Green Tariff Shared Renewables Programs in their 2022 Disadvantaged Communities Green Tariff and Community Solar Green Tariff Applications for Review."

84 San Diego Gas & Electric Company Request to Suspend EcoChoice and EcoShare Rates (Schedule GT and Schedule ECR (December 17, 2021).

85 *See* Energy Division's disposition letter.

SDG&E sets forth below compelling reasons to: (i) suspend its GTSR programs to protect program participants from GTSR rates that are on a trajectory to be a hundred times higher than anticipated at the programs' outset; and (ii) permission to seek recovery of its GTSR program cost under-collections that have been reviewed through the Annual ERRA Compliance proceeding. SDG&E also requests permission the same treatment of future costs as costs are reviewed in its future Annual ERRA Compliance proceeding until the program is terminated or otherwise made viable. This includes the Green Tariff Shared Renewables Balancing Account (GTSRBA), Green Tariff Share Renewables Administrative Cost Memorandum Account (GTSRACMA), Green Tariff Marketing, Education & Outreach Memorandum Account (GTM&OMA) and the Enhance Community Renewable Marketing, Education & Outreach Memorandum Account (ECRME&OMA).

A. Program Context and History

D.15-01-051 granted, with modifications, SDG&E's request in A.12-01-008 to implement Senate Bill ("SB") 43,[86] which required electric utilities with more than 100,000 customers in California to implement the GTSR program. SDG&E's approved GTSR program includes both: (i) a Green Tariff option (Schedule GT, offered under the brand EcoChoice), which allows bundled customers to increase the amount of renewable energy provided by SDG&E; and (ii) an Enhanced Community Renewables component (Schedule ECR, branded by SDG&E as EcoShare), which allows bundled customers to purchase renewable energy directly from third-party renewable developers. SDG&E submitted several implementing advice letters[87]

[86] SB 43, Stats. 2013-2014, Ch. 413 (Cal. 2013), PU Code §§ 2831 *et seq*.

[87] Resolution E-4734 (October 1, 2015) approved SDG&E's Advice Letters 2743-E-A, 2744-E and 2745-EA to implement its GTSR program.

and made its approved GTSR offerings available to customers starting in late 2016.[88]

In some years, service on EcoChoice resulted in a bill credit or added little additional cost to a participant customer's bill. However, due to recent the proliferation of CCA service in SDG&E's service territory and the resulting loss of enrollment in EcoChoice (as an SDG&E commodity rate), the EcoChoice rate is now exponentially more expensive than SDG&E's standard retail rate offerings. As a result, SDG&E has seen drastic attrition of SDG&E's remaining bundled EcoChoice participants, stranded costs to run the program, with far fewer customers who remain on the tariff.

For EcoShare, the GTSR decision sets a 20 MW target, and requires SDG&E to reserve half (10 MW) of the program target for projects sized between 500 kW and one MW located in areas previously identified by the California Environmental Protection Agency as the most impacted and disadvantaged communities (the Environmental Justice or EJ Reservation). The other half of the target may be met by projects between 500kW and 20MW and located in SDG&E's service territory or the adjacent Imperial Valley. To date, no developers have current executed power purchase agreements with SDG&E to support EcoShare, and since no such facilities have interconnected, there have been no EcoShare enrollees.

B. Request to suspend GTSR in SDG&E AL 3920-E in 2021

Given these unique attrition circumstances and corresponding market failure, SDG&E requested an immediate suspension of the GTSR program to avoid, "risk of ratepayer exposure to excessive costs due to market manipulation or market malfunction" - a justification the

[88] SDG&E also submitted AL 3168-E in 2017 requesting minor modifications to its GTSR tariff along with provisions to extend the tariff availability through 2023. Approved via Resolution E-5028 (September 26, 2019).

Commission established that may compel suspending the programs.[89] SDG&E made this request for "rapid suspension" in AL 3920-E.[90] However, Energy Division disposition letter denied AL 3920-E on April 19, 2022, on the basis that SDG&E should instead request approval suspension and through the instant Application and "provide a detailed mitigation strategy and suspension plan, complete with static timelines, in its forthcoming Application for review." The following discussion responds to that suggestion.

1. EcoChoice is no longer viable in SDG&E's territory due to CCA expansion.

As discussed above, and in SDG&E's AL 3920-E, SDG&E requested authorization to suspend its GTSR programs on the basis that it is not viable in SDG&E's service territory. SDG&E highlighted the recent and exponential rapid growth of CCAs in its territory creating significant departing loads, which in turn result in significant rate increases for participating GTSR customers. Because most of SDG&E's customers recently have departed or will imminently depart bundled service for CCA and DA commodity providers, EcoChoice attrition has suddenly and materially increased.[91]

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[89] D.15-01-51 at 83.

[90] *Id.,* states: "It is not consistent with SB 43 to allow early termination. However, under certain unique circumstances, such as risk of ratepayer exposure to excessive costs due to market manipulation or market malfunction, it may be necessary to authorize a rapid suspension of the GTSR Program."

D.19-05-031, issued after SB 840 amended SB 43 to repeal the 2019 GTSR sunset, confirmed that suspension remains an available remedy in appropriate circumstances. *Id*. at 10-11; OP 6 at 15 ("there is a distinction between 'suspension' and 'termination.'"). This decision denied Southern California Edison's request to terminate its GTSR program, based on SB 840's repeal of the sunset provision.

[91] SDG&E has had no CCA customers until recently. SDG&E's first CCA customer departures were a very small number (about 8,000) in June 2018. More recently, SDG&E's CCA departures have exploded. In contrast, most of PG&E's CCA departures took place before GTSR implementation, and do not constitute the same portion of service territory demand, whether in percentage or absolute numbers.

For context, GTSR renewable power rates are set based on a forecast of customer participation. When fewer customers are forecasted to participate in the rates, SDG&E must recover the costs of the rates from the forecasted fewer sales, which increases the renewable power GTSR rates. With SDCP's current and forecast growth slated for 2023, in particular, it is impossible for SDG&E to have enough participating GTSR customers to make the program economical. This situation could not have been anticipated when SDG&E filed for its original green tariff in January 2012. It is possible other IOUs may experience this same situation with the proliferation of retail choice throughout the state, but the other IOUs have many more customers to absorb these changes. To illustrate the foregoing, Table 6-HB below shows the rates for Schedule GT (EcoChoice) from inception to 2022 rates, where rates that are shown in parenthesis represent bill credits.[92]

Table 6-HB: EcoChoice Total Rates[93] by Customer Type and Year

	Residential	**Small Commercial**	**Med/Lg Commercial & Industrial**
	$/kWh	**$/kWh**	**$/kWh**
2016	$ 0.00199	$ 0.00269	$ 0.00250
2017	$ 0.01495	$ 0.02141	$ 0.01285
2018	$ 0.00172	$ 0.00442	$ (0.00147)
2019	$ (0.00438)	$ (0.00613)	$ (0.01812)
2020	$ (0.00606)	$ 0.00128	$ (0.00656)

92 Table 5-HB includes EcoChoice rates based off approved Schedule GT tariffs as filed in 2745-E-A, 3006-E, 3167-E, 3326-E, 3500-E and 3696-E-A and reflect GT Differential plus PCIA charges for applicable calendar year. The table does not reflect every approved GT tariff since program inception.

93 Includes Renewable Power Rate ("RPR") and Power Charge Indifference Adjustment. Table 5-HB shows selected customer classes and only most recent PCIA vintage effective during applicable calendar year Individual customers rates vary based on PCIA vintage.

2021	$ 0.05315	$ 0.05081	$ 0.04644
2022	$ 0.24319	$ 0.25134	$ 0.23257

As depicted in the table above, when the GTSR program launched, and until as recently as 2020, most participating EcoChoice customers received a $/ kilowatt hour ("kWh") bill credit or, in some years, were charged a very low premium for their renewable energy subscription. As a result, residential customers and medium/large commercial customers historically paid little to no additional cost for the renewable portion of their bill on the EcoChoice rate.[94] A bill credit or minimal bill premium or little incremental customer expense made the EcoChoice rate more accessible, and SDG&E's enrollment neared its maximum allocated MW capacity for EcoChoice.[95] SDG&E succeeded in maintaining affordable rates and strong EcoChoice enrollment for the first four years of the GTSR program.[96] In 2021, the rate jumped to five cents per kWh. Load departure and termination requests due to the resulting GTSR rate increase led to a 90% decrease in SDG&E's EcoChoice program participation between January 2021 to December 2021.

In 2022, the EcoChoice rate jumped to an average rate of 24 cents per kWh, from the previous year's average charge of 5 cents per kWh, which is applied in addition to the customer's otherwise applicable rate. Therefore, customers on EcoChoice could be paying upwards of 50 cents a kWh.

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94 SDG&E's Advice Letters 3034-E-A for 2017, AL 3167-E for 2018, AL 3326-E for 2019, and AL 3500-E for 2020, all of which showed the rate as a bill credit and not a charge.

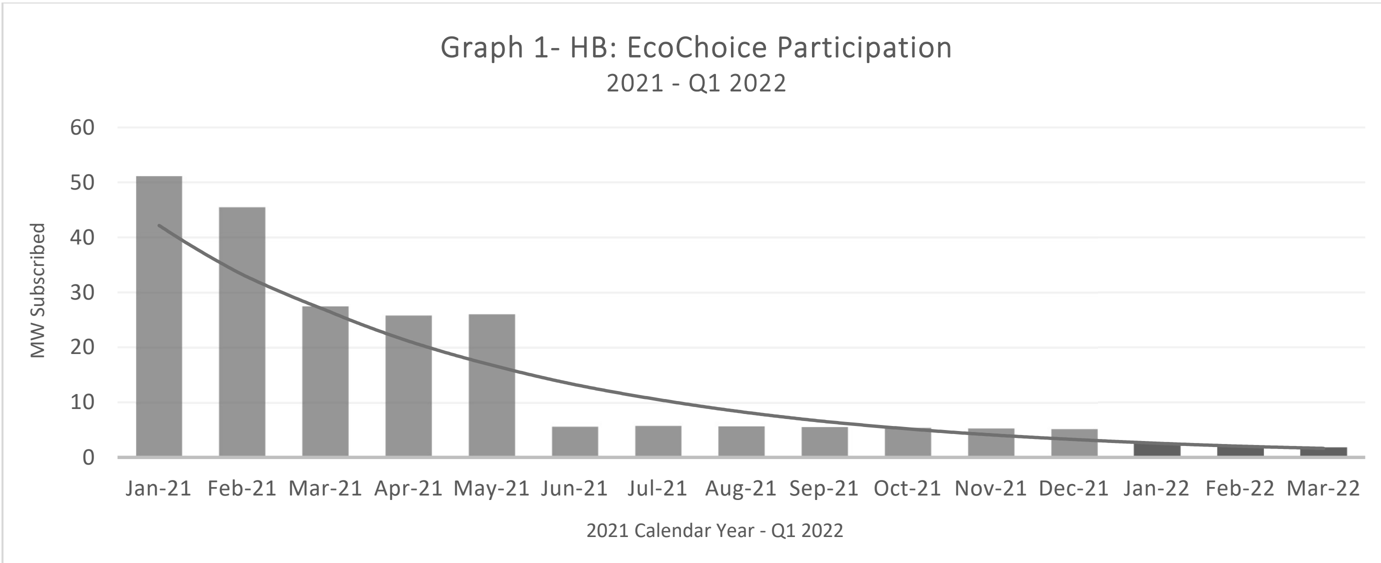
55 D.15-01-051 at 6, capped SDG&E's portion of the statewide capacity for these programs at 59 MW, with 10 MW reserved for environmental justice projects. SDG&E EcoChoice enrollments peaked at 51 MW in 2020.

96 While SDG&E's EcoChoice program has had robust enrollments, SDG&E has not had any EcoShare PPA fulfilled, and thus no customers enrolled in the EcoShare (Schedule ECR) rate.

The GTSR rate increase effective January 1, 2022, was based on SDG&E's filed forecast in 2021 of the significant departing loads to take place in 2022. Based on the rate increase resulting from that forecast, which was an average of 24 cents per kWh for the GT rate premium in addition to the customer's otherwise applicable rate, SDG&E did two things.

First, it filed AL 3920-E seeking to suspend the rate, as it was clear the jump that would take place in the rates would be permanent, and it would continue to increase. SDG&E's second step was to launch a robust marketing and education campaign in the fall of 2021 to inform customers of the coming rate increase. The outreach consisted of an email campaign wherein customers were tracked as to whether the email notifying them of the rate increase was opened by a recipient. The customers who were shown to have not opened their email from SDG&E on the rate increase were retargeted with a follow up email. After that email, the customers again who were shown to have not opened the email were retargeted for a third email. In addition, two hard copy letters were sent to participants' mailing address. SDG&E wanted to ensure that if a customer remained on the rate at that high level, it was by choice and not because they had not been informed.

Graph 1-HB below illustrates the acute attrition that SDG&E has experienced on Schedule GT in 2021, which has only continued through the first quarter of 2022.



As of January 2021, SDG&E's enrollment in Schedule GT (EcoChoice) was as follows:

- Commercial accounts: 848 accounts / 17.25 subscribed MW
- Industrial accounts: 11 accounts / 28.82 subscribed MW
- Residential accounts: 3,665 / 5.05 subscribed MW
- Total: 4,524 accounts and 51.12 subscribed MW of the total 59 MW set as the SDG&E cap

As of May 2022, just before the filing of this application, SDG&E's enrollments are as follows:[97]

- Commercial accounts: 10 accounts / 0.18 subscribed MW
- Residential accounts: 380 accounts / 0.57 subscribed MW
- Total: 390 accounts / 0.75 subscribed MW

[97] Estimates at time of filing are based on enrollment numbers from May 11. Residential SDCP transitions occurring in May 2022 are accounted for above. Also note that enrollments fluctuate month to month due to accounts being closed, a customer interconnecting under Rule 21 and taking service on a NEM schedule which makes them ineligible for GTSR, as well as transferring to DA or CCA service. The current average rate of customers opting out of CCA service when defaulted, those who return to SDG&E service, is approximately 8% which are not included in the numbers above.

Generally, commercial customers consider costs when choosing rates, and the vast majority of commercial customers have unenrolled from EcoChoice if they did not default to CCA service.

The average electricity usage of customers who remain on EcoChoice today is depicted in the table below.

Table 7-HB: Average kWh Usage of EcoChoice Accounts

	Number of Accounts	% of Total
Usage is less than the average territory wide usage of 400 kWh	206	53%
>400 kWh avg - Res	174	44.5%
>400 kWh avg - Comm	10	2.5%

The table above shows that when we look at the accounts which remain on EcoChoice today, 53% are less than the average usage of around 400 kWh per month. A total combined 47% (rounded) of the enrolled accounts still on EcoChoice have monthly average usage above the 400 kWh average, with the large majority of those being residential accounts. Further, SDG&E has determined that roughly 48% of accounts enrolled in EcoChoice today are on an automatic payment plan, meaning they may be less likely to review bills since they are paid automatically. Although SDG&E has performed significant outreach, it is unclear if those customers have not received the communications from SDG&E (by not maintaining a current email address on file with utility), or have decided to stay on the rate. It is difficult for SDG&E to draw conclusions about those customers who remain on the rate.

Given that the EcoChoice rate is going to continue to see attrition and thereby will increase significantly without Commission intervention, SDG&E will experience even more attrition in this continuous feedback loop, thereby reducing even further the number of customers from whom SDG&E can currently recover its costs. The EcoChoice rate is truly unviable and unsustainable for SDG&E.

C. SDG&E's GTSR Solicitation Efforts and Results (Randy D. Nicholson)

In compliance with Commission requirements in D.16-05-006, D.15-01-051, D.17-07-007, and Resolution E-4734, SDG&E has to date completed seven (7) GTSR Request for Offers ("RFOs"). Each solicitation was monitored by an IE, who among other things, reviewed draft documents and processes with SDG&E before the RFOs launched, monitored the evaluation process to ensure equal treatment among participants, and supported clear communications and messaging to ensure confidence in the process. At the conclusion of each solicitation, the IE drafted a report summarizing the process, providing conclusions, and suggesting potential process improvements. The resource requirements and volumes sought in each solicitation for each program are summarized below.

1. Green Tariff/EcoChoice Capacity and Resource Requirements

- Project contract minimum size is 0.5 MW nameplate capacity; and,
- Project contract maximum size is 20 MW nameplate capacity.[98]
- Projects must be located within the service territory of SDG&E or located in the Imperial Valley and either directly connected or dynamically transferred via pseudo-tie into SDG&E's service territory at the Imperial Valley substation by the CAISO; and
- The Respondent must have, at time of bidding, site control for the duration of the 10, 15 or 20-year power purchase agreement being bid. A copy of one of the following forms of site control must be provided:
    - a. direct ownership;

[98] SDG&E initially sought Environmental Justice ("EJ") capacity, but beginning in 2018 this need was covered in the DAC-GT and CSGT solicitations. EJ Project contract minimum size is 0.5 MWac nameplate capacity; EJ Project contract maximum size is 1 MWac nameplate capacity.

  - b. a lease; or
  - c. an option to lease or purchase upon PPA approval. The option must be an exclusive option to the bidder that will last until the completion of the RFO cycle.

- Resources must be new facilities;
- Resources must be an Eligible Renewable Energy Resource as defined in PUC Section 399.12;
- Resources must be CEC-certifiable as an eligible renewable resource by the commercial
- operation date;
- Resources must utilize a commercially proven technology;
- Resources must sell its entire output and all plant attributes to SDG&E (full buy/sell) or sell all output and all plant attributes in excess of onsite load to SDG&E (excess sales);
- The maximum project capacity for this solicitation is 20 MWs; the full output from the facility must be sold to SDG&E. That is, in this solicitation, SDG&E will not consider purchasing a portion of a project larger than 20 MW.
- All renewable energy resources procured in this solicitation shall comply with the CARB's VRE Program; and,
- Each EcoChoice Project must meet Green-e© Energy eligibility criteria throughout the Delivery Term of the PPA. An EcoChoice respondent must provide to SDG&E an attestation stating that the Project meets the requirements of the Green-e© Energy Program to be able to produce Green-e© Energy eligible product in accordance with the Green-e© Energy National Standard in effect at the time of PPA execution. The Respondent must agree to adhere to the Green-e© Energy program's requirements as specified in the Green-e© Energy program website, the PPA and/or SDG&E's website, which includes being subject to audits to ensure compliance with the Green-e© Energy Program. The Respondent must agree in the PPA that it will complete, sign and return, on an annual basis or whenever required by SDG&E or the Center for Resource Solutions, the Green-e© Energy Attestation Form Generator Participating in a Tracking System form, or its successor form, to SDG&E. The Respondent will, throughout the Delivery Term of the PPA, be responsible for all costs incurred to obtain and maintain Green-e© Energy certification and compliance.
- To qualify as an Environmental Justice project, the generating facility must be located in one of the census tracts listed on SDG&E's website (http://www.sdge.com/documents/list-eligible-census-tracts-environmental-justiceprojects) and meet the project capacity requirements above.

2. ECR/EcoShare Capacity and Resource Eligibility Requirements:

- Project contract minimum size is 0.5 MW nameplate capacity;
- Project contract maximum size is 20 MW nameplate capacity;
- EJ Project contract minimum size is 0.5 Megawatts (alternating current) ("MWac") nameplate capacity;
- EJ Project contract maximum size is 1 MWac nameplate capacity;
- Projects must be located within the service territory of SDG&E or located in the Imperial Valley and either directly connected or dynamically transferred via pseudo-tie into SDG&E's service territory at the Imperial Valley substation by the CAISO;
- The Respondent must have, at time of bidding, site control for the duration of the 10, 15 or 20-year power purchase agreement being bid. A copy of one of the following forms of site control must be provided:
  - a. direct ownership;
  - b. a lease; or
  - c. an option to lease or purchase upon PPA approval. The option must be an exclusive option to the bidder that will last until the completion of the RFO cycle.
- Resources must be new facilities;
- Resources must be an Eligible Renewable Energy Resource as defined in PUC Section 399.12;
- Resources must be CEC-certifiable as an eligible renewable resource by the commercial operation date;
- Resources must utilize a commercially proven solar technology;
- Resources must sell its entire output and all plant attributes to SDG&E (full buy/sell) or sell all output and all plant attributes in excess of onsite load to SDG&E (excess sales);
- The maximum project capacity for this solicitation is 16 MWs; the full output from the facility must be sold to SDG&E. That is, in this solicitation, SDG&E will not consider purchasing a portion of a project larger than 16 MW;
- All renewable energy resources procured on behalf of EcoShare Customers from an EcoShare Project shall comply with the CARB's VRE Program. California-eligible greenhouse gas allowances associated with purchases from an EcoShare Project shall be retired on behalf of EcoShare Customers as part of the VRE Program;

- Each EcoShare Project must meet Green-e© Energy eligibility criteria throughout the Delivery Term of the EcoShare PPA. An EcoShare respondent must provide to SDG&E an attestation stating that the EcoShare Project meets the marketing, reporting and other requirements of the Green-e© Energy Program to be able to produce Greene© Energy eligible product in accordance with the Green-e© Energy National Standard in effect at the time of EcoShare PPA execution. The EcoShare respondent must agree to adhere to the Green-e© Energy program's marketing, disclosure and additional requirements as specified in the Green-e© Energy program website, the EcoShare PPA and/or SDG&E's website, which includes being subject to audits to ensure compliance with the Green-e© Energy Program. The EcoShare respondent must agree in the EcoShare PPA that it will complete, sign and return, on an annual basis or whenever required by SDG&E or the Center for Resource Solutions, the Green-e© Energy Attestation Form Generator Participating in a Tracking System form, or its successor form, to SDG&E. The EcoShare respondent will, throughout the Delivery Term of the EcoShare PPA, be responsible for all costs incurred to obtain and maintain Green-e© Energy certification and compliance; and

- To qualify as an Environmental Justice project, the generating facility must be located in one of the census tracts listed on SDG&E's website (http://www.sdge.com/documents/list-eligible-census-tracts-environmental-justiceprojects) and meet the project capacity requirements above.

The results of each solicitation are summarized in the following table:

Table 1-RN: GTSR Solicitation Summary

Solicitation	Date Launched	Date Closed	Capacity Sought	Offers Received	Shortlisted offers	Contracts
2015 Renewable Auction Mechanism VI Summer – GTSR*	July 13, 2015	August 21, 2015	1.75 MW to 25 MW	35	2	1
Spring 2017 GTSR (EcoChoice and EcoShare)	March 22, 2017	May 5, 2017	0.5 MW to 20 MW	9	1	0
Fall 2017 GTSR (EcoChoice and EcoShare)	October 16, 2017	November 17, 2017	0.5 MW to 20 MW	3	2	2

Solicitation	Date Launched	Date Closed	Capacity Sought	Offers Received	Shortlisted offers	Contracts
Spring 2018 GTSR (EcoChoice and EcoShare)	May 25, 2018	July 6, 2018	0.5 MW to 20 MW	0	0	0
Fall 2018 GTSR (EcoChoice and EcoShare)	November 1, 2018	December 6. 2018	0.5 MW to 20 MW	1	0	0
Fall 2020 GTSR (EcoShare)	August 19, 2020	September 30, 2020	Up to 5 MW	0	0	0
Fall 2021 GTSR (EcoShare)	August 20, 2021	October 1, 2021	0.5 MW to 20 MW	0	0	0

* D.15-01-051 directed SDG&E to procure the first GTSR contracts through the ongoing RAM solicitations. Although two offers were shortlisted, only one contract was executed.

While the results of each solicitation are summarized above, my testimony below will focus only on the solicitations that resulted in Commission-approved contracts.

2015 RAM VI Auction - GTSR

SDG&E's first GTSR solicitations were held in conjunction with SDG&E's ongoing RAM solicitation, as directed in D.15-01-051. In preparation for the RFO launch, SDG&E developed a detailed RFO protocol document outlining, among other things, background on the RFOs, GT/EcoChoice and ECR/EcoShare program and resource requirements, the procurement process, evaluation criteria and schedule. Shortlisted offers would contract with SDG&E through the RAM PPA. Both the protocol document and the PPA were shared with potential participants.

In an effort to generate a robust response, SDG&E undertook a marketing campaign to notify potential participants, emailing approximately 1,154 email addresses associated with more than 650 separate organizations about the RFOs. In addition, SDG&E publicized the RAM solicitation to Platt's MW Daily, California Energy Markets, and California Current. SDG&E also contacted various trade groups, including: Bay Area Clean Water Agencies, Biomass Power Association, California Wastewater Climate Change Group, California Wind Energy Association ("CalWEA"), Central Valley Clean Water Association, Geothermal Energy Association, Geothermal Resources Council, Northwest Hydroelectric Association, and Southern California Alliance of Publicly Owned Treatment Works to provide information regarding the RAM solicitation.

SDG&E hosted a Pre-Bid (Bidders') Webinar to discuss each of the programs and their respective program requirements with interested parties on July 22, 2015. SDG&E also solicited questions via email through its RAM RFO inbox and posted and updated this Q&A on its website. The following subjects were included in the RFO Webinar Presentations:

- Introduction & Overview of Solicitation
- General Q&A Guidance
- SDG&E and Supplier Diversity
- Overview of Programs
- Overview of Schedule, Product, Procurement Targets and Eligibility Requirements
- Overview of PPA Terms
- Role of the Independent Evaluator
- Overview of the Evaluation Process
- Overview of Bidding Protocols
- Bid Submission Process
- Questions & Answers

Potential respondents were informed that the Bidders' Conference presentations and Q&A would be posted on the RFO Website. Respondents were additionally encouraged to continue to ask additional questions through July 29, 2015. All Q&As were to be promptly posted publicly on the website without identifying the source of the question.

Responses to this solicitation were due on August 21, 2015. Thirteen separate organizations responded to the RAM VI solicitation with a total of 18 project proposals (for a total of 35 conforming bids). Of the 18 project proposals bid in RAM VI, three project proposals (totaling three conforming bids) were eligible for the GT/EcoChoice component of the RAM VI solicitation.

SDG&E used a quantitative price measure, the Bid Ranking Price ("BRP"), to rank and select from the proposed projects. The BRP is comprised of the Levelized Contract Cost, as adjusted by the Time-of-Day Adjustment, the Transmission Network Upgrade Cost Adder and the Deliverability Adder. Once SDG&E had established a BRP for each offer, it chose the projects with the least expensive BRP within each product category in an effort to procure the capacity targeted for each product category. In order to meet the GT/EcoChoice procurement target of 10.5 – 25 MW, SDG&E considered the least expensive GT/EcoChoice–eligible bids for GT/EcoChoice procurement first.

SDG&E shortlisted one project (Midway Solar) and contingently shortlisted another project for its initial advanced procurement under its GT/EcoChoice program: (i) a 20 MW as-available peaking bid; and (ii) a 20 MW as-available peaking bid. Because Midway Solar accepted its shortlisted position, met SDG&E's GT/EcoChoice initial advanced procurement capacity targets, and resulted in the execution of a RAM PPA, SDG&E notified the second (contingently shortlisted) bid that SDG&E would not move forward with it.

Table 2-RN: PPA Details

Technology	Company Name	Project Name	Contract Capacity MW (AC)	Project Location	Program	Term (yrs.)	COD / Start Date
Solar PV	Solar Frontier	97WI 8ME LLC (Midway Solar Farm III)	20	Calipatria, CA (Imperial Valley)	GT / EcoChoice	20	12/1/17

SDG&E filed for approval of Midway PPA in AL 2849-E. The Commission approved the PPA via Resolution E-4783 on July 20, 2016.

2017 Fall GTSR

SDG&E issued its Fall 2017 GTSR RFO seeking contracts with facilities that produce RPS -eligible renewable resources of any technology, for the purpose of implementing its EcoChoice and EcoShare programs.

In preparation for the RFO launch, SDG&E developed a detailed RFO protocol document outlining, among other things, background on the RFOs, GT/EcoChoice and ECR/EcoShare program and resource requirements, the procurement process, evaluation criteria and schedule. SDG&E also developed a non-modifiable Power Purchase Agreement to be used for either GT/EcoChoice or ECR/EcoShare projects. Both the protocol document and the PPA were shared with potential participants.

To inform potential participants about the solicitation and generate a robust response, SDG&E's marketing team sent out an e-mail to roughly 3,000 potential market respondents, regulators, and publications.

The solicitation opened on October 16, 2017. On October 23, 2017, SDG&E held an on-line pre-bid conference for interested parties. SDG&E presented details regarding the bidding opportunity, the GTSR Program overview, DBE Program, RFO schedule, eligibility requirements, procurement targets, an overview of the PPA, the evaluation methodology, bid submittal process, and interconnection information. The presentation and Q&A were posted on the RFO website. A total of 22 people (in addition to the Company and IE personnel) attended the pre-bid conference. The solicitation closed on November 17, 2017.

Ultimately, two companies submitted a total of three offers, two in the EcoChoice program and one in the EcoShare program. The two offers in EcoChoice were from the same facility, with one offer giving SDG&E the option of including battery storage support.

The contract in the EcoChoice program is:

Table 3-RN: PPA Details

Technology	Company Name	Project Name	Contract Capacity MW (AC)	Project Location	Program	Term (yrs.)	COD / Start Date
Solar PV	Ormat Nevada, Inc	Wister Solar	20	Imperial Valley	GT / EcoChoice	20	January 1, 2020
Solar PV	Forefront Power, LLC	Cameron	2.4	Campo, CA	ECR / EcoShare	20	March 1, 2020

3. Program Budgets and Spending (Hollie K. Bierman)

To further describe the program history and the status of SDG&E's GTSR program, SDG&E provides the following discussion of budgets and spending.

Table 8-HB: GTSR Approved Budgets[99] for 2015 – 2018 and 2019 - 2023 Program Cycles Budget vs Actuals

Budget Category	2015 - 2018 Budget	*2015 - 2018 Actuals*	2019 - 2023 Budget	*2019 - 2023 Actuals*	Total Program Budget 2015 - 2023	Total Budget Spent 2015 - 2023	Total Budget Remaining
Program Management							
GT	$337,195	*$298,835*	$685,541	*$350,605*	$1,022,736	$649,440	$373,296
ECR	$233,036	*$124,244*	$351,268	*$156,996*	$584,304	$281,240	$303,064
IT							
GT	$1,277,815	*$1,253,376*	$576,057	*$0*	$1,853,872	$1,253,376	$600,496
ECR	$547,635	*$553,764*	$527,622	*$0*	$1,075,257	$553,764	$521,493
Administration Budget Subtotal	$2,395,680	*$2,230,219*	$2,140,488	*$507,600*	$4,536,168	$2,737,819	*$1,798,349*
Marketing							
GT	$328,377	*$269,976*	$1,278,260	*$261,845*	$1,606,637	$531,820	$1,074,817
ECR	$18,400	*$2,828*	$15,250	*$0*	$33,650	$2,828	$30,822
Marketing Budget Subtotal	$346,777	*$272,804*	$1,293,510	*$261,845*	$1,640,287	$534,648	*$1,105,639*
Total	**$2,742,457**	***$2,503,023***	**$3,433,998**	***$769,445***	**$6,176,455**	**$3,272,468**	**$2,903,987**

Table 8-HB above shows SDG&E is underspent approximately $2.9 million of its approved Commission budget.

Table 9-HB: Green Tariff Share Renewables Administration Cost Memorandum Account (GTSRACMA) & Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA) & Enhanced Community Renewable Marketing, Education & Outreach Memorandum Account (ECRME&OMA) Activity from Program Inception

GTSR Memo Accounts	2015 Activity	2016 Activity	2017 Activity	2018 Activity	2019 Activity	2020 Activity	2021 Activity	Q1 2022 Activity	Q1 2022 Balance
GT Admin	$320,612	$835,534	$296,477	$(265,502)	$(421,953)	$(118,921)	$9,418	$(13,934)	**$641,731**
ECR Admin	$108,514	$429,603	$109,847	$51,336	$92,480	$60,911	$24,649	$2,291	**$879,631**
GT ME&O	$588	$88,011	$168,765	$(105,783)	$(134,390)	$7,712	$(96,913)	$(31,138)	**$(103,148)**
ECR ME&O	$569	$2,153	$144	$58	$65	$19	$ -	$ -	**$3,008**

99 Current data as of 3/31/22. Budgets approved were filed in AL 2745-E-A, AL 3000-E, AL 2744-E-A and approved in Resolution E-3724 and Resolution E-5028.

Table 9-HB above shows that SDG&E is under collected in its GTSRACMA by approximately $1.5 million.

Table 10-HB: Green Tariff Share Renewables Balancing Account Year-End Net Activity and Annual Cumulative Balance[100]

Calendar Year	Year- End Net Activity	Annual Cumulative Balance
2015	$ -	$ -
2016	$ 95	$ 95
2017	$ 5,877	$ 5,972
2018	$ 119,269	$ 125,241
2019	$ 2,019,316	$ 2,144,557
2020	$ 1,388,237	$ 3,532,794
2021	$ 88,318	$ 3,621,112
2022	$ (22,804)	$ 3,598,308
Balance as of March 2022		**$ 3,598,308**

D. Legislative Action

Current law, as established in SB 43 (as amended), requires the IOUs to offer the program, and requires nonparticipants be held indifferent from program costs. The statute originally included an optional program sunset date of 2019, indicating that the IOUs could file to discontinue the program after 2018. D.15-01-051 referenced the sunset date and allowed for the IOUs to file for termination.[101] However, in 2016, SB 840 amended the statute, removing the

[100] Balances reflect year-end balances for 2015 – 2021 and most recent balances as of March 2022. Numbers in parentheses reflect over collected balance. Numbers without parentheses are under collected balances owed to the balancing account, meaning that the rates charged did not recover the accumulated costs incurred.

[101] D.15-01-051 at 81.

sunset provision, and the Commission has interpreted that amendment to bar termination of the programs.[102]

The Legislature is currently considering Assembly Bill 2838, which addresses the sunset date issue at hand. The bill, as introduced, proposes to authorize IOUs to seek approval to terminate the program with Commission authorization. SDG&E supports the bill and recognizes that the bill may be modified through the legislative process through the summer of 2022 in this session.

E. SDG&E's Proposal For The Future of GTSR

SDG&E has operated the programs as required by statute and D.15-01-051 and has incurred costs the Commission has reviewed in each ERRA proceeding.[103] As described above, the program has lost more than 95% of its participants since early 2021. Further, SDG&E's customer base for offering bundled commodity service has been greatly diminished due to the CCA default load migration of SDG&E's customers. This means that SDG&E has no possible way to regain bundled customers and subscribe them to its GTSR program. While the Energy Division's disposition letter of April 19, 2022, denying approval of SDG&E's request to suspend the program asked SDG&E for further mitigation steps that could be taken, SDG&E must respectfully restate that, except for suspending the program, there are no further mitigation steps available. In effect, D.19-05-031 confirmed that SB 840 removed the program "sunset" option,

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[102] D.15-01-051 at 83, states: "It is not consistent with SB 43 to allow early termination. However, under certain unique circumstances, such as risk of ratepayer exposure to excessive costs due to market manipulation or market malfunction, it may be necessary to authorize a rapid suspension of the GTSR Program. "D.19-05-031, issued after SB 840 amended SB 43 to repeal the 2019 GTSR sunset, but it confirmed that suspension remains an available remedy in appropriate circumstances. *Id.* pp. 10-11; OP 6 at 15 ("there is a distinction between 'suspension' and 'termination'"). This decision denied SCE's request to terminate its GTSR program, based on SB 840's repeal of the sunset provision.

[103] ERRA compliance decisions: D.18-10-006 at 7-9; D.19-06-009 at 7-9; D.20-12-036 at 14-16; D.21-07-018 at 24, OP 12 at 34; D.22-05-006 at 5, 9.

thus SDG&E must administer a GTSR program until it meets its 59 MW (and 10 MWs reserved for environmental justice projects) share of new renewable generation capacity.[104] However, D.19-05-031 did not address how to handle the extraordinary dilemma faced by SDG&E's GTSR program (except to confirm that suspension remains an option for the Commission to consider).

F. Mitigation Strategies

There are two main challenges for SDG&E with GTSR: (i) a shrinking bundled customer base fueling higher program rates (based on CCA load departure) and resultant higher participant attrition; and (ii) a growing under collection of GTSR costs to be recovered in SDG&E's balancing account, as SDG&E does not have sufficient participating customers to spread costs to reduce the under collection. SDG&E cannot mitigate the formation of CCAs in its territory, and SDG&E supports the legislatively mandated opportunity for local governments to form CCAs. The fact that CCAs have formed quickly and grown rapidly to provide the vast majority of electric commodity in SDG&E's territory is well documented.[105] Therefore, SDG&E's bundled customer base, to whom it can offer GTSR, is rapidly shrinking, as detailed above. The steepness of this default to CCA service, causing a lower sales forecast and higher rates over a short two-year period, created a crater-like fall of GTSR enrollments, which in turn substantially increased the rate among remaining customers. One market exponentially expanded (CCAs), while SDG&E's GTSR market sharply contracted.

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[104] D.15-01-051 at 9 and OP 7 at 181.

[105] Refer again to Figure 1-HB in this testimony above. By reciting these facts concerning bundled load departure, SDG&E is not criticizing the CCA or DA concepts. SDG&E supports both concepts, and customer choice generally, and is working hard to timely accommodate these massive departures. The point of reciting these facts is to show how the timing and large quantity of departures affect the GTSR program.

Importantly, SDG&E must include in this testimony for the record that the rate is going to continue to increase if it is not suspended. In SDG&E's recent ERRA forecast filing, SDG&E requested to freeze the GTSR rate at the 2022 level (averaging 24 cents/kWh) for calendar year 2023.[106] However, if the Commission denies that request and requires SDG&E to raise the rate, the estimated GTSR rate for 2023 which is based on the forecast of having fewer customers than today, is an average rate of $1.40 per kWh.[107] That means if an average residential customer with average usage of 400 kWh per month does not heed the customer education efforts to inform them of the rate increase, they will incur more than a $560 charge for their GT participation on top of their otherwise applicable rate per month. The GT rate has gone from a bill credit just a few years ago, to an average 24 cents/kWh in 2022 to possibly more than five times that for 2023. From an affordability and equity perspective, this rate increase will not only exasperate the cost of living within SDG&E's territory that most impact low- and middle-income customers but also limits the opportunity for these customers to participate in the sustainability initiatives that are transforming the energy grid, which was the original intent of the GTSR Program.

The staff disposition letter denying SDG&E's AL asking to suspend GTSR states (page 6) that Energy Division "has reviewed SDG&E's Advice Letter requesting a suspension of the GTSR program and finds that SDG&E has failed to provide an accompanying proposal for resolving any market issues while protecting ratepayers." Put simply, the market issues that are driving the exponential rate increases and sharp attrition are out of SDG&E's control and cannot be resolved by SDG&E. SDG&E's request to suspend the GTSR program is intended to

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[106] SDG&E expects the referenced ERRA application to be filed on the same day as this application.

[107] The average renewable generation rate ("RGR") for GTSR is $1.16 plus the PCIA bringing the total to an average of around $1.40 per kWh of the customer's renewable subscription.

mitigate the risk for those ratepayers who are still on the rate (as shown above in Graph 1-HB and Table 6-HB) and who will suffer further precipitous rate increases in 2023 if the program is not suspended.

SDG&E has examined how it might approach redesigning the program within this application to mitigate the effects of CCA load departure and the resulting under collection; namely, huge attrition and increased rates for program participants. Marketing the EcoChoice rate differently would not mitigate the fact that there are fewer bundled customers eligible since the rate is only open to bundled customers. Nor can marketing overcome the reality that local governments can choose CCA for their residents, and offer their own green tariffs.[108] And of course, it is legally impossible for SDG&E to market EcoChoice to CCA customers to enroll them back as bundled customers.[109] Given the significant rate costs to remain on EcoChoice today, SDG&E's marketing efforts in 2022 have been to continue to educate customers on the actual costs, to ensure that customers who remain on the rate understand the cost and want to remain on it. Today, as discussed above, SDG&E has about 390 enrollees on the rate. It is possible that some GTSR customers may not receive or respond to outreach and education about the further coming rate increases that will hit in January of 2023 if GTSR is not suspended. Customers with whom SDG&E is unable to communicate could suffer drastic bill increases and bill volatility.

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[108] Both SDCP and CEA offer a green tariff rate to customers.

[109] For SDG&E to market to attract customers to utility bundled service would violate the CCA Code of Conduct, which prohibits the utility from marketing against existing or potential CCAs. SB 790 directed the Commission to develop rules and procedures that "facilitate the development of … [CCA] programs, … foster fair competition, and … protect against cross-subsidization paid by ratepayers." The Commission subsequently issued D.12-12-036, which established Code of Conduct. In any event, SDG&E supports customer choice and has no interest in such marketing.

The obvious area for mitigation lies in GTSR program design – the program is a commodity offering that relies on subscribing a large number of participants to bear fixed and variable program costs and can provide a sufficient base to support additional procurement of renewable energy. To achieve this, D.15-01-051 approved the use of the PCIA as a rate component,[110] and SDG&E supported it then and still supports today its use in GTSR.[111] SDG&E's view is that the PCIA and setting the rate based on the forecast participation, is still the best way to ensure ratepayer indifference if it has a chance to be viable. SDG&E is not proposing any changes to the rate design for its GTSR program, because effective changes in program design would require legislation. Rate design changes, even if they could maintain the ratepayer indifference required in the statute, would still not mitigate the departing loads or find more eligible bundled customers to participate. Therefore, SDG&E is not entertaining any further strategies to reduce the rate to attract further participation from its bundled customers.

SDG&E has also looked at its program management of GTSR. SDG&E spends only what is necessary on the program and costs have remained contained. Enrollment is online, and the automated system is in place, *i.e.*, the costs are sunk. The highest year for administration costs were when SDG&E's IT costs were booked to the regulatory account. Therefore, changing program management or administration in this application is not a viable strategy for increasing participation, or reducing risk of incurring additional costs.

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110 *See* D.15-01-051 at 98-101. The PCIA is an exit fee charged by utilities in California on entities that choose to depart from bundled service of the utility and choose another provider of electricity generation service possible through Direct Access and Community Choice.

111 SDG&E supports the inclusion of the PCIA in GTSR rates as necessary to maintain bundled customer indifference. *See* SDG&E A.12-01-008, Updated Prepared Direct Testimony of Chris Yunker (May 10, 2013) at 10.

G. Request to Suspend GTSR and its Associated Schedule

Because GTSR as now designed is no longer viable for SDG&E, an immediate "suspension" is required to reorganize, and to prevent harm to customers. The Commission has properly found that it has the authority to "suspend" here.[112]

Given the situation described in the previous section, SDG&E does not propose any changes to the GTSR program to mitigate the high rate and the rising attrition, because any mitigation involves factors beyond SDG&E's control. In the last two years, the GT portion of the program has gone from being almost fully subscribed at 51 MWs to being subscribed at less than .55 MW. The shrinking bundled customer pool and the high rates have severely limited SDG&E's options for mitigation. SDG&E's only option in the short-term is to request authorization from the Commission to immediately suspend the program to protect the customers on the rate. That suspension would allow SDG&E to proactively move customers off the rate and to reduce program administration and marketing spending further, thereby reducing the accrual of an even larger under collection in the regulatory accounts. Without suspension, SDG&E expects that the rate could be even higher in 2023, as discussed above, and there could be customers who experience even higher bills they did not anticipate if they are not reached by SDG&E's robust outreach regarding the rate impact. Since Medical Baseline customers and customers receiving the CARE discount also could still be enrolled in GTSR, this is untenable.

To address these assured and grave rate increases, SDG&E proposes that the Commission bifurcate the proceeding into two tracks, with a separate expedited track to address SDG&E's request for suspension and a shortened proceeding schedule, while still affording any

[112] D.19-05-031 at 10-11, and Conclusion of Law 6 at 15 ("there is a distinction between 'suspension' and 'termination'").

stakeholders to be heard on the suspension request. All other issues in this application, including a review of GTSR post-suspension, could be addressed in the second track. SDG&E is deeply concerned about the bill shock customers will experience next year and beyond. Approval of SDG&E's request to suspend GTSR because of the rate increases is its highest priority in this proceeding.

Immediate suspension would also provide SDG&E the ability to reduce the limited administration costs and marketing costs to maintain the program even further, including reporting and customer communications.[113] Program suspension will not impact the SDG&E's current energy contracts for its GTSR programs, as SDG&E uses the contracted energy and renewable attributes for its own compliance when there are limited or no GTSR customers to serve.[114]

H. After Suspension – Next Steps

The Energy Division's disposition letter denying AL 3920-E reasoned that any suspension must be temporary, for if it is not, then it is in effect a permanent termination request.

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[113] If the Commission orders SDG&E to continue to explore program changes, administration costs would continue to be incurred.

[114] This practice is consistent with SB 43, which requires that "[a] participating utility shall, in the event of participant customer attrition or other causes that reduce customer participation or electrical demand below generation levels, apply the excess generation from the eligible renewable energy resources procured through the utility's green tariff shared renewables program to the utility's renewable portfolio standard procurement obligations or bank the excess generation for future use to benefit all customers in accordance with the renewables portfolio standard banking and procurement rules approved by the commission."

The letter states that the requesting IOU must include an end date for its proposed requested suspension.[115] The decision establishing GTSR provided for "rapid suspension" precisely for the circumstances facing SDG&E here:

> It is not consistent with SB 43 to allow early termination. However, under certain unique circumstances, such as risk of ratepayer exposure to excessive costs due to market manipulation or market malfunction, *it may be necessary to authorize a rapid suspension* of the GTSR Program.[116]

This is exactly the situation at hand. D.19-05-031 (at 11) observed that the "intent" of this passage "requires utilities to set forth proposals to resolve the issue before granting a suspension." But it did not dispute that immediate suspension might be required to protect the public interest, and it did not require a specific "end date." This decision gave no further guidance in this regard. In this case, D.19-05-031 should not be read to imply that a fully baked resolution must be submitted, but only that a path forward is identified, which SDG&E submits here. In short, the suspension should be granted.

As noted, the circumstances that would make the program viable under current law are non-existent and out of SDG&E's control. Since there are no plausible circumstances under which SDG&E might obtain enough bundled customers (and program participants) to make a viable program possible, SDG&E faces a conundrum that was never anticipated by the Commission or the legislature. As discussed above, marketing the rates differently or enrolling

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[115] Energy Division's disposition letter at 6, denying SDG&E AL 3920-E. To the extent there is a concern from a GHG perspective about a lack of green customer options while GTSR is suspended, the customer migration to CCA is to entities that vigorously promote their own renewable options through green tariffs. For example, SDCP offers its PowerOn option which includes 50% renewable energy sources such as wind and solar. SDCP's optional Power100 provides electricity from 100% renewable sources such as wind, solar, and hydroelectricity. CEA's default energy plan offers 50% renewable power service, as well as options for 75% carbon-free energy, and customers have the option to opt into the Green Impact rate for 100% renewable energy. See https://thecleanenergyalliance.org/your-options/ and https://sdcommunitypower.org/your-choice/compare-service-plans/.

[116] D.15-01-015 at 83 (emphasis added).

more of SDG&E's dwindling cohort of remaining bundled customers does not solve the myriad challenges faced by SDG&E in offering a commodity product today, as it does not reduce the rate.

However, in light of the foregoing and the Energy Division's request that SDG&E propose a termination date for the requested suspension, SDG&E requests that the Commission allow SDG&E to reopen its GTSR program once it has been suspended when SDG&E has a bundled customer base at a level of 90% of the total load share it had in place at the time the GTSR capacity allocation of 59 MWs was made in 2013. GTSR would resume when there are sufficient SDG&E bundled customers to support a rate that might be reasonable enough to attract program participants.

I. Under Collection and Cost Recovery Proposal (Eric Dalton)

Suspending the GTSR program does not address past costs incurred to date. SDG&E has under collections as of Q1 2022 for GTSR program costs of $5.0 million, which includes several regulatory accounts.[117] The current situation arises from conflicts between two legislative mandates – one allowing local governments to form CCAs, and one with a strictly-designed commodity program depending on a substantial bundled customer base. Given that this conflict is beyond SDG&E's control, it is reasonable that SDG&E should be permitted to file at the Commission for some path of cost recovery. Further, in its disposition letter denying SDG&E AL 3920-E, Energy Division stated that SDG&E is required to submit a plan for recovering costs.[118]

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[117] Green Tariff Shared Renewables Balancing Account (GTSRBA); Green Tariff Shared Renewables Administrative Cost Memorandum Account (GTSRACMA); Green Tariff Marketing Education & Outreach Memorandum Account (GTME&OMA); and Enhanced Community Renewable Marketing, Education & Outreach Memorandum Account (ECRME&OMA).

[118] Energy Division's disposition letter at 6, denying SDG&E AL 3920-E.

SDG&E proposes that it should be able to file for recovery of its GTSR program cost under collection in the next Annual ERRA Compliance Application for costs already reviewed and found reasonable in previous ERRA compliance proceedings after the Commission's approval of this application. This proposal could be addressed in a track 2 (with track 1 reserved solely for the suspension request). GTSR costs are currently reviewed in the ERRA compliance proceedings.[119] SDG&E's past GTSR program costs have already been approved through 2020 in the ERRA compliance proceedings, and previously approved to be placed in GTSR rates through ERRA decisions.[120] Therefore, SDG&E sees ERRA as the correct venue to assign those under collected GTSR costs. In addition, SDG&E intends to seek reasonableness review and cost recovery of any current and future GTSR costs reviewed and approved in a future ERRA compliance proceeding. SDG&E does not seek a finding that such costs are reasonable here, since they are reviewed in the ERRA Compliance proceedings, but only seeks a procedural vehicle to seek recovery of reviewed costs, found reasonable, in future SDG&E Annual ERRA Compliance filings.

In sum, SDG&E requests to suspend the program and recover the reasonable current and future GTSR under collections as part of future ERRA Compliance proceedings, and to be able to reduce spending now so that the under collection does not grow. SDG&E assumes there will still be some minimal reporting or other requisite activity if the program is suspended. If the program is not suspended, then SDG&E proposes that on a go-forward basis, any additional annual new under collections in SDG&E's GTSR program cost regulatory accounts will be included in each future applicable ERRA Compliance proceeding and then ultimately collected

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[119] D.15-01-051 at 113.

[120] D.22-05-006 at 5, 9; D.21-07-018 at 24, OP 12 at 34; D.20-12-036 at 14-16, D.19-06-009 at 7-9; D.18-10-006 at 7-9.

through future Annual ERRA Compliance filings. This should occur until the Commission authorizes SDG&E to ultimately terminate the program. This proposal is reasonable, responsive to the Energy Division's letter requesting SDG&E propose a method of cost recovery in this application. SDG&E believes this is the best path forward given the alternative that SDG&E has incurred costs upwards of $5 million to implement and offer a program to all customers: 1) that is mandated by the State, and 2) whose costs have already been reviewed in prior Commission proceedings.[121]

If AB 2838, now before the legislature, is enacted and termination becomes a legal option open to SDG&E, SDG&E will consider whether to file for termination at the Commission based on the final language of the enacted bill.

Given the current status of the program, SDG&E is not planning to market the GTSR programs to new participants.[122] SDG&E's marketing efforts focus on customer education on the ongoing rate increases. Should the Commission not approve SDG&E's request to suspend GTSR in this application, then SDG&E must request the Commission allow SDG&E to file a proposed budget for GTSR via a Tier 3 advice letter prior to SDG&E's depletion of approved budget. SDG&E currently has more than $2 million in its approved budget that is unspent. SDG&E will continue to spend to support the program as required by law until suspension or termination is granted.

To further satisfy the Energy Division's request[123] for a static schedule for the suspension, SDG&E provides the following schedule for suspension:

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[121] *See* Table 7-HB above and its footnotes for authorizations to spend; D.22-05-006 at 5, 9; D.21-07-018 at 24, OP 12 at 34; D.20-12-036 at 14-16; D.19-06-009 at 7-9 and D.18-10-006 at 7-9.

[122] *See* SDG&E GTSR marketing implementation advice letter ("MIAL"), AL 3980-E, filed March 31, 2022.

[123] Energy Division's Disposition Letter at 6, denying SDG&E AL-3920-E.

Table 1-ED: Schedule for Implementing Suspension of GTSR	
Timing	**Action**
Upon Commission Issuance of Decision Approving Suspension	SDG&E's website will be updated to announce the coming closure.
30 days from Approval of Suspension	SDG&E will file an AL updating/closing the GTSR tariffs with an effective date of date of filing (Tier 1). The AL will note that customers will roll off the rate effective at their next billing date. SDG&E will communicate with existing EcoChoice customers about the approval of the advice letter and the suspension.
Within 45 days of the Effective Date of the AL to close the Tariff	Customers will be disenrolled from the tariff effective their current billing cycle, as applicable after the effective date of suspension.[124]
	Disenrolled customers will continue to remain on their otherwise applicable rate ("OAR").
60 days from Approval of Suspension	SDG&E will ramp down administrative IOU support of GTSR with no customers on the program. While enrollment and procurement activity will be suspended, SDG&E will still report to the Commission as previously ordered, including any customer feedback or other activity as appropriate.[125]

J. Green Tariff Shared Renewable Balancing Account ("GTSRBA")

Per D.15-01-051, SDG&E established the GTSRBA[126] to record the difference between the revenues collected from individual customers electing to participate in the GTSR program and the incremental costs incurred to serve customers participating in that program. The GTSR program consists of both a GT component and an ECR component which are recorded in separate subaccounts with the GTSRBA. As described in SDG&E's Annual GTSR Program Progress Report filed on March 15, 2022 (A.12-01-008), SDG&E's GTSR program began in

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[124] Only applicable to Schedule GT as there are no customers on Schedule ECR.

[125] Resolution E-5028 updated the IOUs' reporting requirement for GTSR rates.

[126] *See* SDG&E AL 2889-E, approved June 23, 2016 and effective May 28, 2016.

2016 and is currently still open. SDG&E began to be record activity in GTSRBA in 2016, and the applicable expenses and customer revenues continue to be recorded monthly in accordance with its approved GTSR Balancing Account preliminary statement.[127]

Table 2 below presents the annual under or over collected activity in the GTSRBA, and the regulatory treatment of each annual amount. Pursuant to D.15-01-051, Conclusion of Law 59, SDG&E has provided a summary of GTSR costs annually in its ERRA Compliance filings, and applied for true-up amounts to be approved in its ERRA Forecast filings once the recorded costs were approved in the applicable ERRA Compliance application.

Table 2-ED: Summary of GTSRBA Activity

GTSRBA Record Year	Annual Recorded Activity in dollars	ERRA Compliance	ERRA Forecast	Current status
2016	$95	Reviewed in 2018 ERRA Compliance D.20-12-036	Included as part of SDG&E's request for the recovery of $.125 million in the 2022 ERRA Forecast D.21-12-040	Included in 2022 GTSR rates (12 month amortization)
2017	$5,877	Reviewed in 2018 ERRA Compliance D.20-12-036	Included as part of SDG&E's request for the recovery of $.125 million in the 2022 ERRA Forecast D.21-12-040	Included in 2022 GTSR rates (12 month amortization)
2018	$119,269	Reviewed in 2018 ERRA Compliance D.20-12-036	Included as part of SDG&E's request for the recovery of $.125 million in the 2022 ERRA Forecast D.21-12-040	Included in 2022 GTSR rates (12 month amortization)
2019	$2,019,316	Reviewed in 2019 ERRA Compliance D.21-07-018	SDG&E requested the recovery of $2.019 million in the 2022 ERRA Forecast	Included in 2022 GTSR rates (12 month amortization)

[127] Schedule GTSRBA preliminary statement: https://tariff.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_GTSRBA.pdf.

GTSRBA Record Year	Annual Recorded Activity in dollars	ERRA Compliance	ERRA Forecast	Current status
			D.21-12-040	
2020	$1,388,237	Reviewed in 2020 ERRA Compliance A.21-06-004 approved on May 5, 2022	This under collection was eligible for recovery in the 2023 ERRA Forecast, but not requested due to rate impact considerations	SDG&E has requested to freeze its GT customer rate at the 2022 rate[128]
2021	$88,318	To be included for review in SDG&E's 2021 ERRA Compliance testimony to be filed 6/1/2022		

As Table 2-ED shows, SDG&E has requested review of the GTSRBA activity and requested recovery of the annual true-up amounts according to the established ERRA process and in the most expedited manner possible, given the time necessary to file both the ERRA Compliance and Forecast proceedings for each year. Due to the structure of the ERRA filing process, a two-year delay is created between the time the under collections in GTSRBA are incurred and the time at which they begin to be included in rates. Thus, the under collection of $2.144 million that was requested to true-up the activity in record years 2016-2019 was approved for inclusion in the 2022 GT rates. However, due to lower customer subscription than in prior years, the rate increase may not recover the amounts in the approved amortization period.

K. Management of Dedicated Resource Excess Generation Cost

To appropriately manage the costs in the GTSRBA, SDG&E will only record costs for dedicated resource generation up to the amount that GT customers use. Any excess will be

[128] *See* the prepared direct testimony of Gwen Morien in SDG&E's 2023 ERRA Forecast Application submitted contemporaneously with this application.

recorded to the Portfolio Allocation Balancing Account ("PABA"), pursuant to SB 43, which states:

> … a participating utility shall, in the event of participant customer attrition or other causes that reduce customer participation or electrical demand below generation levels, apply the excess generation from the eligible renewable energy resources procured through the utility's green tariff shared renewables Program to the utility's renewable portfolio standard procurement obligations or bank the excess generation for future use to benefit all customers in accordance with the renewables portfolio standard banking and procurement rules approved by the commission.

Pursuant to this mandate, SDG&E has included the forecasted excess generation from both of its green tariff dedicated generators in the cost recovery mechanism used for its RPS eligible contracts, namely PABA, in its 2023 ERRA Forecast.[129] In addition, SDG&E will adjust its balancing account activity for 2021 and 2022 for any excess generation that was previously recorded in GTSRBA and record it in PABA, to reflect this cost recovery mechanism.

III. SUMMARY AND CONCLUSION

SDG&E has implemented the CSGT and DAC-GT programs as designed and intended to give DAC customers a green rate option. However, with the current program limitations within SDG&E's territory, there have been no bids from developers into SDG&E's RFPs. It is likely that the location of SDG&E's DACs, near the coast and in very urban areas, create a situation where land costs are probably prohibitive for the siting of solar and not conducive to solar production. This has limited the program in SDG&E's territory.

Given the growing and dominant CCA presence in SDG&E's territory, very few customers remain eligible for the DAC programs. Even if the program design is changed to allow SDG&E to procure renewable energy from areas outside of its DACs, or even outside its own territory,

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[129] *See* the testimony of Sheri Miller in SDG&E's 2023 ERRA Forecast filing submitted contemporaneously with the instant application.

there are few remaining qualifying bundled customers from whom to draw enrollments. For all these reasons, SDG&E requests authorization to terminate its CSGT and DAC-GT programs.

As described above, SDG&E has also implemented its GTSR program with some initial success, however, the market in SDG&E's service territory has recently and radically changed, with enormous departing load, making the rate prohibitive and the costs to customers exorbitant.[130] Because of the inability to seek significant changes in this application to program design features mandated by statute, SDG&E declines to request changes in this application of its GTSR and herein requests to suspend its GTSR program and to seek a path for cost recovery of its stranded program costs in subsequent proceedings as described herein.

Green tariff commodity rates, by their nature, can only be open to bundled customers. The reasonableness of offering any future or additional green tariff program, whether for disadvantaged communities or not, must be carefully designed to avoid an unfair and disproportionate burden on a diminishing pool of bundled customers. In the case of CSGT and DAC-GT, there also are too few customers in SDG&E's remaining eligible DAC census tracts to support the program since the very purpose of those programs is to offer solar to DAC customers. GTSR, again because of the attrition that results from high rates based on the forecasted growth of CCAs and departing load, has almost no customers to serve and simply is not sustainable. SDG&E awaits to see whether pending California legislation will provide a path to permanently terminate GTSR. More positively, it is important to note that the proliferation of CCAs in SDG&E's service territory ensures there are opportunities for customers in San Diego and South Orange County to opt into similar programs, which is the state's foremost goal.

[130] Please refer to SDG&E AL 3920-E for full details on rate design.

While green tariff rates were once viable as attractive to SDG&E's customers, the market has changed significantly in SDG&E's territory with the severe reduction of bundled customers. SDG&E does not believe that any green tariff program as currently designed by law can be viable in its territory.

Even as SDG&E requests the suspension/termination of these programs, the utility is supportive of other customer facing initiatives that will enable the state to meet economy-wide decarbonization goals by 2045 and enable all customers to participate in a safe, clean, and reliable energy grid.

This concludes SDG&E's testimony.

IV. WITNESS QUALIFICATIONS – HOLLIE K. BIERMAN

My name is Hollie K. Bierman. I am employed by SDG&E as the Director of Customer Programs. My business address is 8330 Century Park Court, San Diego, California 92123. I submit this testimony in support of SDG&E's application filed pursuant to D.18-06-027 and D.21-12-036,[131] addressing SDG&E's GAP. In my current position, I am responsible for leading the team that manages and administers Customer Programs and portfolios for SDG&E.

My qualifications and experience are as follows: I hold a Bachelor of Arts and a Master of Arts from Brandeis University. I also hold a Juris Doctorate from the University of San Diego and am a member of the California Bar. Over the past 11 years I have served as Counsel and Senior Counsel in the Legal Department, supporting Customer Programs' administration, strategy, contract negotiations and program implementation, until becoming Director of Customer Programs in January 2022. I was hired by SDG&E in 2011 as Counsel. I have been in my present position for 5 months.

I have previously testified before this Commission.

V. WITNESS QUALIFICATIONS – RANDY D. NICHOLSON

My name is Randy Nicholson. I am employed by SDG&E as the Origination and Portfolio Design Manager in the Electric and Fuel Procurement Group. My business address is 8330 Century Park Court, San Diego, California 92123. My current responsibilities include leading solicitations for supply-side energy resources, performing offer evaluations, and creating offer shortlists. I have worked exclusively in the energy industry for over 15 years. I previously worked at SDG&E from 2007 to 2014 as a Regulatory Policy Manager responsible for developing and advocating federal and state regulatory policy, with a focus on wholesale energy

[131] D.21-12-036, OP 11 at 55.

market design, resource adequacy, and energy/capacity procurement. From 2014 to 2017, I managed SDG&E's emerging Advanced Technology team and was responsible for assessing market opportunities for energy storage resources. In 2017, I joined Sempra Renewables, overseeing market and regulatory affairs for the utility-scale renewable development and origination group. From 2018 to 2021, I was the Director of Market Development at Consolidated Edison Development and was responsible for negotiating power purchase agreements for utility-scale solar and energy storage projects.

I have a B.A. from the University of California, San Diego, and a J.D. from Golden Gate University School of Law. Before working in the energy industry, I served as a judicial law clerk and also practiced civil litigation.

I have previously testified before the Commission.

VI. WITNESS QUALIFICATIONS – ERIC DALTON

My name is Eric Dalton. I am employed by SDG&E as the Regulatory Reporting and Accounts Manager in the Controller's Division. My business address is 8330 Century Park Court, San Diego, California 92123. My current responsibilities include managing the process for the development, implementation, analysis and accounting for regulatory balancing and memorandum accounts. I assumed my current position in August 2014 as the Regulatory Reporting Manager and assumed the Regulatory Accounts Manager position in July 2019.

I received a Bachelor of Science in Accounting in 1999 from the University of Kansas. I am a Certified Public Accountant ("CPA") licensed in the State of California since 2003.

I have been employed with SDG&E since 2006. In addition to my current position in Regulatory Reporting & Accounts, I have held various other positions increasing in responsibility since September 2006. I served as the Billable Project Supervisor in Plant

Accounting (January 2013 – August 2014), Bank Reconciliation Supervisor (July 2011 – December 2012), and Financial Accounting Senior and Principal Accountant (September 2006 - June 2011).

I have previously testified before this Commission.

GLOSSARY OF TERMS

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ACRONYM	DEFINITION
AB	Assembly Bill
AL	Advice Letter
Bidders	Pre-Bid Webinar
BRP	Business Resumption Plan
CalWEA	California Wind Energy Association
CARB	California Air Resources Board
CARE	California Alternative Rates For Energy
CBO	Community-Based Organization
CCA	Community Choice Aggregator
CEA	Clean Energy Alliance
CEA	Clean Energy Alliance
CEC	California Energy Commission
CER	Current Electric Rate
CSGT	Community Solar Green Tariff
CSGTBA	Community Solar Green Tariff Balancing Account
CSI	California Solar Initiative
D.	Decision
DA	Direct Access
DAC	Disadvantaged Communities
DAC-GT	Disadvantaged Communities Green Tariff
DACGTBA	Disadvantaged Community Green Tariff Balancing Account
ECR	Enhanced Community Renewables
ECRME&OMA	Enhance Community Renewable Marketing, Education & Outreach Memorandum Account
ECRME&OMA	Enhanced Community Renewables
EJ	Environmental Justice
EM&V	Evaluation Measurement and Verification
ERRA	Energy Resource Recovery Account
ESP	Electric Service Provider
FERA	Family Electric Rate Assistance
GAP	Green Access Programs
GHG	Greenhouse Gas
GT	Green Tariff
GTM&OMA	Green Tariff Marketing, Education & Outreach Memorandum Account
GTSR	Green Tariff Shared Renewables
GTSRACMA	Green Tariff Share Renewables Administrative Cost Memorandum Account

ACRONYM	DEFINITION
GTSRBA	Green Tariff Shared Renewables Balancing Account
IE	Independent Evaluator
IOU	Investor-Owned Utility
IRP	Integrated Resource Planning
IT	Information Technology
kW	Kilowatt
kWh	Kilowatt hour
LSE	Load Serving Entity
MASH	Multifamily Affordable Solar Homes
ME&O	Marketing Education & Outreach
MIAL	Marketing Implementation Advice Letter
MW	Megawatt
MWac	Megawatts (alternating current)
NEM	New Energy Metering
OAR	Otherwise Applicable Rate
OCPA	Orange County Power Authority
PABA	Portfolio Allocation Balancing Account
PCIA	Power Charge Indifference Adjustment
PG&E	Pacific Gas & Electric
PPA	Power Purchase Agreement
PPP	Public Purpose Program
PU Code	Public Utility Code
Q&A	Questions and Answers
RAM	Renewable Auction Mechanism
RFO	Request for Offer
RFP	Request for Proposal
RGR	Renewable Generation Rate
RPR	Renewable Power Rate
RPS	Renewable Portfolio Standard
SASH	Single Family Affordable Solar Homes
SB	Senate Bill
SCE	Southern California Edison
SDCP	San Diego Community Power
SDG&E	San Diego Gas & Electric
SOMAH	Solar for Multifamily Affordable Homes
UDC	Utility Distribution Company
VRE	Voluntary Renewable Electricity