

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

Application of San Diego Gas & Electric Company  
(U 902 E) for Approval of its 2024 Electric  
Procurement Revenue Requirement Forecasts, 2024  
Electric Sales Forecast, and GHG-Related  
Forecasts.

A.23-05-013  
(Filed May 15, 2023)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902-E)  
OCTOBER UPDATE TO APPLICATION**

**\*\*REDACTED, PUBLIC VERSION\*\***

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October 13, 2023

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**I. INTRODUCTION**

On May 15, 2023, San Diego Gas & Electric Company (“SDG&E”) submitted its Application for Approval of its 2024 Electric Procurement Revenue Requirement Forecasts, 2024 Electric Sales Forecast, and GHG-Related Forecasts (“Application”). In the fall of each year, SDG&E updates certain information in the testimony supporting its forecast application using data that was not available at the time it submitted its application (*i.e.*, the “October Update”). Consistent with that practice, and per the Assigned Commissioner’s Scoping Memo and Ruling dated August 4, 2023 (“Scoping Memo”), SDG&E hereby submits its October Update, which consists of updated information sponsored by several SDG&E witnesses.

**II. BACKGROUND**

In the Application, SDG&E requested approval of its 2024 forecast of: (1) the Energy Resource Recovery Account (“ERRA”) revenue requirement, which includes greenhouse gas (“GHG”) costs; (2) the Portfolio Allocation Balancing Account (“PABA”) revenue requirement; (3) the Competition Transition Charge (“CTC”) revenue requirement tracked in the Transition Cost Balancing Account (“TCBA”);<sup>1</sup> (4) the Local Generation (“LG”) revenue requirement

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<sup>1</sup> The purpose of the TCBA is to accrue all the CTC revenues and recover all CTC-eligible generation-related costs.

tracked in the Local Generating Balancing Account (“LGBA”);<sup>2</sup> (5) the San Onofre Nuclear Generating Station (“SONGS”) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement tracked in SDG&E’s Nuclear Decommissioning Adjustment Mechanism (“NDAM”) account; (6) the Modified Cost Allocation Methodology (“MCAM”) revenue requirement; (7) San Diego Community Power’s (“SDCP”) Disadvantaged Communities – Green Tariff (“DAC-GT”) and Community Solar – Green Tariff (“CS-GT”) revenue requirements; (8) the Tree Mortality Non-Bypassable Charge (“TMNBC”) revenue requirement; and (9) the GHG allowance revenues and return allocations. By its Application, SDG&E also requested Commission approval of its 2024 electric sales forecast as directed by D.22-03-003. Additionally, SDG&E requested approval for its proposed 2024: (1) GHG Allowance Return rates; (2) vintage Power Charge Indifference Adjustment (“PCIA”) rates; (3) rate components for the Green Tariff Shared Renewables (“GTSR”) Program; and (4) MCAM rates. SDG&E’s Application was supported by the testimony of seven witnesses.

The October Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (“MPB”) and the PCIA benchmarks. This information is provided to SDG&E by the Commission’s Energy Division, which compiles and provides updated input assumptions to the investor-owned utilities (“IOUs”) so that the MPB can be calculated. These assumptions typically do not become available until early fall, as they include forward price curves for all the trading days in September.<sup>3</sup>

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<sup>2</sup> The purpose of the LGBA is to record revenues and costs of generation and other energy sources where the Commission has determined that the resource is subject to the Cost Allocation Mechanism (“CAM”).

<sup>3</sup> D.22-01-023, Ordering Paragraph (“OP 1”) changed the release of the Market Price Benchmarks from November 1<sup>st</sup> to October 1<sup>st</sup> of each year to allow for the update process to take place in October instead of November.

Updates to the ERRA testimony are warranted since approximately five months have passed since the filing of the May Application, and various input assumptions have changed, some of which include the following. As noted above, the ERRA testimony has been updated to include the updated MPBs, which saw a significant increase.<sup>4</sup> In addition, revenues from all signed Voluntary Allocation Market Offer (“VAMO”) sales contracts for remaining excess bundled RECs are now included in PABA. Also, projected 2023 year-end ERRA and PABA account balances have been revised to reflect actuals through August 2023 and the correct 2022 and 2023 California Independent System Operator (“CAISO”) revenues.

SDG&E has also made updates based on Commission decisions that require certain updates be included in the October Update and/or other relevant information that has become available since the submission of the Application. For example, Resolution E-5277 was approved July 13, 2023, allowing SDG&E to count the utility-owned Westside Canal Energy Storage Project towards its midterm reliability procurement requirements pursuant to Decision 21-06-035 and modify the project’s cost recovery mechanism to PCIA vintage 2021.

### **III. SUMMARY OF UPDATES TO THE APPLICATION**

In its Application, SDG&E sought approval of a total 2024 forecasted revenue requirement of \$700.9 million. In this October Update, SDG&E seeks approval of its *updated* total 2024 forecasted revenue requirement of \$710.2 million, which is comprised of several

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<sup>4</sup> Annual Market Price Benchmark updates were received from the Commission on October 2, 2023. This October Update reflects the final 2023 Renewable Energy Credits (“RECs”) and Resource Adequacy (“RA”) benchmarks, and also the forecasted 2024 Energy Index, RECs), and RA benchmarks.

forecasts of specific items.<sup>5</sup> Table 1 below reflects SDG&E’s proposed changes to the forecasts set forth in the Application:

<b>TABLE 1 Proposed Revenue Requirements (\$M)<sup>6</sup></b>					
<b>Line</b>	<b>Description</b>	<b>2024 Revenue Requirement May Filing</b>	<b>2024 Revenue Requirement October Update</b>	<b>Change</b>	<b>Change (%)</b>
		w/out FF&U	w/out FF&U	w/out FF&U	w/out FF&U
1	ERRA	432.5	487.7	55.2	12.8%
2	ERRA Year-end Balance	26.9	23.7	(3.3)	-12.1%
3	PABA	90.5	113.8	23.3	25.7%
4	PABA Year-end Balance	(32.3)	(31.3)	1.0	-3.1%
5	CAPBA Trigger	-	-	-	0.0%
6	CTC	16.8	8.1	(8.7)	-51.5%
7	LG	245.5	207.0	(38.5)	-15.7%
8	LGBA Year-end Balance	120.8	131.8	11.0	9.1%
9	GHG Revenues for Return	(202.1)	(233.1)	(31.0)	15.3%
10	SONGS	1.3	1.3	(0.0)	-1.1%
11	Modified CAM	0.3	0.6	0.4	133.9%
12	SDCP DAC-GT/CS-GT	0.7	0.7	-	0.0%
13	<b>Total<sup>7</sup></b>	<b>700.9</b>	<b>710.2</b>	<b>9.3</b>	<b>1.3%</b>

Based on this October Update, SDG&E projects a combined total decrease in revenue requirement of \$79.295 million (including FF&U) compared to the currently effective rates. In total, these changes, when implemented with SDG&E’s 2024 sales forecast, would decrease the

<sup>5</sup> This forecasted revenue requirement excludes Franchise Fees and Uncollectibles (“FF&U”) and the 2024 TMNBC revenue requirement due to confidentiality concerns.

<sup>6</sup> This table reflects a consolidated summary of proposed revenue requirements for both bundled and departed load combined. See Table 1 in the Updated Prepared Direct Testimony of Rachele R. Baez for a detailed breakout of proposed revenue requirements for bundled and departed load separately.

<sup>7</sup> Sums may not equal due to rounding. Sums do not include the TMNBC revenue requirement.

total bundled system average rate 1.8 cents per kWh, or -4.7%. Without the Residential and Small Business Semi-Annual CCC, the total bundled system average rate would decrease by 1.6 cents per kWh, or -4.1%. For unbundled customers, SDG&E's system average delivery plus PCIA rates will decrease 0.6 cents per kWh, or -2.8%. Without the Residential and Small Business Semi-Annual CCC, SDG&E's system average delivery plus PCIA rates would decrease 0.4 cents per kWh, or -1.7%.

A typical bundled non-California Alternative Rates for Energy ("CARE") residential customer using 400 kilowatt-hours ("kWh") could see a monthly bill decrease of -6.0%, or \$10 (from \$173 to \$162). A typical bundled CARE residential customer using 400 kWh could see a monthly bill decrease of -8.0%, or \$9 (from \$109 to \$100).<sup>8</sup> A typical unbundled non-CARE residential customer using 400 kWh could see a monthly bill decrease of -8.3%, or \$8 (from \$101 to \$93). A typical unbundled CARE residential customer using 400 kWh could see a monthly bill decrease of -10.4%, or \$6 (from \$60 to \$54).<sup>9</sup>

#### **IV. SUPPORTING TESTIMONY**

This October Update includes the testimony of five SDG&E witnesses.<sup>10</sup> Each witness has prepared a markup (served concurrently herewith) of their original direct testimony, in which updates are reflected in a redline format. Those witnesses (and summaries of the updates they performed) are as follows:

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<sup>8</sup> Customers' actual bill impacts will vary with usage per month, by season and by climate zone. Please refer to the testimony of SDG&E witness Baez for additional details on rate and bill impacts.

<sup>9</sup> Customers' actual bill impacts will vary with usage per month, by season and climate zone and when a customer became an unbundled customer (Power Charge Indifference Adjustment ("PCIA")) vintage. Please refer to the testimony of SDG&E witness Baez for additional details on rate and bill impacts.

<sup>10</sup> The direct prepared testimonies of Kenneth Schiermeyer and Daniel Skopec were not updated.

**A. Mr. Jimmy Elias**

Mr. Elias updates SDG&E's 2024 forecast of the procurement costs that it expects to record to the ERRA, TCBA, PABA and LGBA, as well as procurement costs related to renewable energy contracts. In addition, Mr. Elias provides an update to the forecast of the SONGS Unit 1 Offsite Spent Fuel Storage Costs. Mr. Elias also updates SDG&E's forecast of 2024 total GHG costs – both direct and indirect – incurred in connection with SDG&E's compliance with California's cap-and-trade program, which Ms. Hua uses in her 2024 forecast of the ERRA revenue requirement. Additionally, Mr. Elias provides an updated forecast of GHG allowance revenues, and the amount of revenue available for energy efficiency and clean energy investments in 2024. Mr. Elias also provides an updated forecast of Tree Mortality Non-Bypassable Charge Balancing Account ("TMNBC") costs. Lastly, Mr. Elias's updated testimony supports Ms. Baez's development of the GHG allowance revenue return allocation and the volumetric revenue return for small business and residential customers, and the PCIA.

**B. Ms. Brenda Hua**

Based on updated forecasts provided by Mr. Elias, Ms. Hua updates SDG&E's 2024 forecast of: (1) the ERRA revenue requirement, which includes GHG costs; (2) the CTC revenue requirement; (3) the LG revenue requirement; (4) TMNBC revenue requirement; and (5) PABA revenue requirement and the projected PABA year-end balance. Ms. Hua also compares SDG&E's 2022 year-end balances with the actual 2022 year-end balances in the GHG allowance revenues and expenses balancing accounts, as well as reconciliation of the 2023 GHG Allowance Revenue & Expenses. Lastly, Ms. Hua's testimony requests authorization of the revenue requirement of the SONGS Unit 1 Offsite Spent Fuel Storage costs.

**C. Ms. Rachelle Baez**

Based on the updated revenue requirements provided by Ms. Hua, Ms. Baez updates the rate impacts associated with the ERRA, PABA, CTC, LG, SONGS, MCAM, SDCP'S DAC GT and CS-GT, and TMNBC revenue requirements as well as the GHG allowance revenue return and projected year-end balances in the ERRA, PABA and LGBA. Based on 2024 Energy Division input factors that recently became available, Ms. Baez updates the CTC and PCIA rates. Ms. Baez also updates the allowance revenue return based on updated information provided by Mr. Elias. Ms. Baez also updates the 2024 rate components associated with the Enhanced Community Renewables ("ECR") programs and 2024 MCAM rates.

**D. Mr. Stephen Elliott**

Mr. Stephen Elliott's testimony updates revenues and costs for GHG compliance instruments to satisfy SDG&E's 2022-2023 compliance obligations under the cap-and-trade program. Mr. Elliott's testimony also includes SDG&E's 2022-2023 revenues related to the sale of its allowance allocation.

**E. Ms. Sheri Miller**

Ms. Sheri Miller's testimony updates the forecasted Power Charge Indifference Adjustment ("PCIA") costs to include the updated PCIA market price benchmarks issued by Energy Division in the beginning of October.

**V. CONFIDENTIALITY**

Along with its original Prepared Direct Testimony, SDG&E submitted declarations attesting to the confidentiality of data presented therein. SDG&E requested that the confidential information in its Prepared Direct Testimony be kept confidential pursuant to Public Utilities Code §§ 583, 454.5(g), D.06-06-066, D.08-04-023, and D.14-10-033, as identified in SDG&E's confidentiality matrix. This October Update contains confidential information that is identified



in SDG&E's confidentiality matrix and covered by declarations, which are being submitted with the respective Updated Prepared Direct Testimony. SDG&E requests that the same confidential treatment requested with the original filing apply to the information marked confidential in this October Update.

## **VI. CONCLUSION**

SDG&E respectfully requests that the Commission approve the forecasts and proposals in its Application, subject to the updates contained in this October Update.

Respectfully submitted,

*/s/ Roger A. Cerda*

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**UPDATED ATTACHMENT G**

**GHG REVENUE AND RECONCILIATION APPLICATION FORM**  
**(Attachment D of Decisions D.14-10-033 and D.15-01-024 as modified by AL 4587-E-C)**

## GHG Revenue and Reconciliation Application Form

*Notes:*

Utilities should complete the GHG Revenue and Reconciliation Application Form in accordance with the procedures described in Attachment D of Decision 14-10-033, as amended by advice letters listed below.

Yellow shading indicates confidential information. However, additional information may be confidential based on a utility's particular circumstances.

Advice Letter 4587-E-A/B/C

(Southern California Edison Company ID U 338 E)

Advice Letter 6326-E-A/B/C

(Pacific Gas and Electric Company ID U 39 E)

Advice Letter 3845-E-A/B/C

(San Diego Gas & Electric Company ID U 902 E)

Advice Letter 177-E-A/B/C

(Liberty Utilities (CalPeco Electric) LLC ID U 933 E)

Advice Letter 425-E-A/B/C

(Bear Valley Electric Service Company ID U 913 E)

Advice Letter 660-E-A/B/C

(PacifiCorp U 901 E)

Template D-1: Annual Allowance Revenue Receipts and Customer Returns

Line	Description	Year 2021		Year 2022		Year 2023		Year 2024	
		Forecast	Recorded	Forecast	Recorded <sup>1</sup>	Forecast	Recorded	Forecast	Recorded
1	Proxy GHG Price (\$/MT)	17.12	23.15	28.86	28.86	29.02	N/A	38.26	N/A
2	Allocated Allowances (MT)	6,766,147	6,732,862	6,737,256	6,651,508	6,586,708	-	6,435,664	-
3	Revenues (\$)	3,172,937							
4	Prior Balance		7,376,791	(15,086,698)	(19,307,155)	(5,109,732)	(1,132,447)	13,723,261	-
5	Allowance Revenue	(115,836,437)	(161,825,842)	(194,403,522)	(189,236,214)	(191,139,679)	(189,801,672)	(246,234,940)	-
6	Interest	2,372	13,371	(16,300)	(286,178)	(740,443)	1,070,092	1,199,002	-
7	Franchise Fees and Uncollectibles	(1,189,180)	(1,176,522)	(2,112,270)	(2,301,661)	(2,111,339)	(2,327,885)	(2,647,280)	-
8	Subtotal Revenues	(113,850,308)	(155,612,202)	(211,618,790)	(211,131,208)	(199,101,193)	(192,191,913)	(233,959,957)	-
9	Expenses (\$)								
10	Outreach and Administrative Expenses (from Template D3) <sup>2</sup>	45,133	104,957	59,799	27,778	27,778	6,075	6,075	-
11	Franchise Fees and Uncollectibles	-	-	-	-	-	-	-	-
12	Interest	-	(25)	-	-	-	-	-	-
13	Subtotal Expenses	45,133	104,932	59,799	27,778	27,778	6,075	6,075	-
14	Total Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs (\$) (Sum of Lines 14a through 14g)	17,773,708	38,035,035	20,261,326	16,039,939	16,039,939	11,710,929	13,110,972	-
14a	SOMAH (Current Year's Request) <sup>3</sup>	11,583,644	31,023,996	19,440,352	12,015,972	12,015,972	12,015,972	12,015,972	-
14d	Prior Year SOMAH True-up (Oct - Dec) <sup>4,5</sup>	100,486	(108,540)	(209,026)	2,933,967	2,933,967	(1,400,043)	-	-
14e	DAC SASH	1,030,000	2,060,000	1,030,000	1,090,000	1,090,000	1,095,000	1,095,000	-
14f	DAC-GT	-	-	-	-	-	-	-	-
14g	CS-GT	-	-	-	-	-	-	-	-
15	Net GHG Revenues Available for Customers in Forecast Year (\$) (Line 8 + Line 13 + Line 14)	(96,031,467)	(117,472,235)	(191,297,664)	(195,063,491)	(183,033,476)	(180,474,909)	(220,842,910)	-
16	GHG Revenue Returned to Eligible EITE Customers and Small Business Volumetric Customers (\$)								
17	EITE Customer Return	838,557	389,294	389,295	514,470	514,470	-	514,470	-
18	Small Business Volumetric Return	1,656,571	2,922,616	-	-	-	-	-	-
19	Semi-Annual Climate Credit								
20	Number of Eligible Residential Bundled Households <sup>6</sup>	1,351,533	1,319,172	1,307,609	631,782	668,860	668,860	430,248	-
21	Number of Eligible Residential Unbundled Households <sup>6</sup>	-	51,539	54,259	748,759	702,461	702,461	962,326	-
22	Number of Eligible Small Business Customers	-	-	125,715	126,523	131,966	124,648	94,210	-
23	Total Customers Eligible for Climate Credit	1,351,533	1,370,711	1,487,583	1,507,064	1,503,287	1,495,969	1,486,784	-
24	Per-Customer Semi-Annual Climate Credit [-0.5 x (Line 15 + 17 + 18) ÷ Line 23]	34.60	34.60	64.17	64.17	60.71	64.91	74.10	-
25	Total Revenue Distributed for the Climate Credit (\$) [2 x Line 23 x Line 24]	93,536,339	94,853,170	190,908,370	193,416,573	182,519,006	194,198,170	220,328,440	-
26	Revenue Balance (\$) [Line 15 + Line 17 + Line 18 + Line 25]	N/A	(19,307,155)	N/A	(1,132,447)	N/A	13,723,261	N/A	-

<sup>1</sup> Recorded data is equal to Forecast for GHG Revenues and Expenses and will be updated with the October Update Filing.

<sup>2</sup> Forecasted Outreach & Administrative Expenses are the forecasted expenses (from Template D-3) adjusted for any forecasted prior year's under/over-collection in the GHGCOEMA and GHGACMA.

<sup>3</sup> The IOUs' forecasted GHG proceeds exceed \$1 billion; therefore, pursuant to D.22-09-009, SDG&E has set aside the set amount of \$12,015,971.92.

<sup>4</sup> October through December prior year SOMAH True-up is two years in arrears due to the timing of actual GHG auction revenues.

<sup>5</sup> AL 4167-E is effective March 1, 2023. The proportions in the AL were determined in coordination with the other IOUs. Their corresponding AL numbers are: 4978-E for SCE, 6869-E for PG&E, 214-E for Liberty, and 712-E for PacifiCorp.

<sup>6</sup> SDG&E did not present forecasted bundled vs. unbundled residential customers in 2021; therefore, the forecasted number of residential customers presented in 2021 is inclusive of bundled and unbundled customers.

**Template D-2: Annual GHG Emissions and Associated Costs**

Line	Description	Year 2021		Year 2022 <sup>1</sup>		Year 2023		Year
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast
1	<b>Direct GHG Emissions (MTCO2e)</b>							
2	Utility Owned Generation (UOG)							
3	Tolling Agreements							
4	Energy Imports (Specified)							
5	Energy imports (Unspecified)							
6	Qualifying Facility (QF) Contracts							
7	Contracts with Financial Settlement							
8	<b>Subtotal</b>							
9	<b>Total Emissions (MTCO2e)</b>							
10	<b>Proxy GHG Price (\$/MT)</b>	17.12	23.15	28.86	28.86	29.02		38.26
11	<b>GHG Costs (\$)</b>							
12	Direct GHG Costs							
13	Direct GHG Costs - Financial Settlement							
14	Previous Year's Forecast Reconciliation (Line 16)							
15	<b>Total Costs</b>							
16	<b>Forecast Variance (\$)<sup>2</sup></b>							

<sup>1</sup>Recorded data is equal to forecast and will be updated with the October Update Filing.

<sup>2</sup>Also reflects adjustment for shift in regulatory accounting from cash to accrual

### Template D-3: Detail of Outreach and Administrative Ex

Line Description	2022		2023	
	Forecast	Recorded	Forecast	Recorded <sup>1</sup>
<b>1 Utility Outreach Expenses (\$)</b>				
2a SMB Communications	23,000	27,821	23,000	(14,993)
2b Other (Consultant)				
<b>3 Subtotal Outreach</b>	<b>23,000</b>	<b>27,821</b>	<b>23,000</b>	<b>(14,993)</b>
<b>4 Utility Administrative Expenses (\$)</b>				
5 Marketing - SDG&E (email, bill insert)	59,000	17,477	58,000	21,068
<b>6 Subtotal Administrative</b>	<b>59,000</b>	<b>17,477</b>	<b>58,000</b>	<b>21,068</b>
<b>7 Utility Outreach and Administrative Expenses (\$) (Line 3 + Line 6)</b>	<b>82,000</b>	<b>45,298</b>	<b>81,000</b>	<b>6,075</b>
<b>8 Additional (Non-Utility) Statewide Outreach (\$)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9 Total Outreach and Administrative Expenses (\$) (Line 7 + Line 8)</b>	<b>82,000</b>	<b>45,298</b>	<b>81,000</b>	<b>6,075</b>

<sup>1</sup>Recorded data is equal to Forecast and will be updated with the October Update Filing.