Proceeding No.: A.19-04-________
Exhibit No.: ________________
Witness: Jennifer Montanez

PREPARED DIRECT TESTIMONY OF

JENNIFER MONTANEZ

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

April 15, 2019

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GLOSSARY OF ACRONYMS

PREPARED DIRECT TESTIMONY OF
JENNIFER MONTANEZ
ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY

I. OVERVIEW AND PURPOSE

The purpose of this testimony is to present San Diego Gas & Electric Company's ("SDG&E") rate recovery proposals for its application for approval of its 2020 forecasts 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; (4) the Local Generation ("LG") revenue requirement; and (5) the San Onofre Nuclear Generation Station ("SONGS") Unit 1 Offsite Spent Fuel Storage Cost revenue requirement and the sum of 2017 Local Generating Balancing Account ("LGBA") activity recorded to the LGBA presented in the testimony of SDG&E witness Khoang Ngo.

In addition, this testimony presents SDG&E's 2020 proposed rates for: (1) GHG Allowance return to customers, specifically the Small Business Volumetric Return Rate and the Residential California Climate Credit ("CCC"); (2) the vintage Power Charge Indifference Adjustment ("PCIA") rates; and (3) rate components for the Green Tariff Shared Renewables ("GTSR") Program, which includes rates for the Green Tariff ("GT") program and the Enhanced Community Renewables ("ECR") program.

The rates and rate impacts presented in this testimony are calculated using current effective rates[1] and current authorized sales.[2]

This testimony is organized as follows:

1. Section II – 2020 Rate Impacts to Reflect Recovery of Updated Revenue Requirements for ERRA, PABA, CTC, LG, and SONGS;
2. Section III – 2020 Rates for the Return of GHG Allowance Revenues;
3. Section IV – 2020 PCIA Rates;
4. Section V – 2020 Rates for SDG&E's GTSR Program;
5. Section VI – Summary and Relief Requested; and
6. Section VII – Qualifications.

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[1] Effective March 1, 2019 per Advice Letter ("AL") 3346-E.

[2] SDG&E filed on March 1, 2018 its Application for Approval of its 2020 Electric Sales Forecast (A.18-03-003) to update its authorized sales. D.18-11-035 in that proceeding authorized SDG&E to update its sales forecast to design 2019 rates. This change was implemented in SDG&E's Consolidated AL 3326-E, effective January 1, 2019.

II. 2020 RATE IMPACTS TO REFLECT RECOVERY OF UPDATED REVENUE REQUIREMENTS FOR ERRA, PABA, CTC, LG, AND SONGS

SDG&E requests the recovery in rates of the following 2020 revenue requirements[3] presented in the direct testimony of SDG&E witness Khoang Ngo:

1. 2020 ERRA Revenue Requirement of $681.845 million ($690.126 million including Franchise Fees and Uncollectible Expenses ("FF&U")) for recovery of the "up-to-market" energy procurement costs, which include GHG costs, associated with serving SDG&E's bundled service customers;[4]
2. 2020 PABA Revenue Requirement of $508.667 million ($514.845 million including FF&U) for recovery of the "above-market" costs and revenues associated with all generation resources that are eligible for cost recovery through PCIA rates;[5][6]
3. 2020 CTC Revenue Requirement of $16.898 million ($17.103 million including FF&U) for recovery of above-market costs associated with CTC-eligible resources from all customers;[7]
4. 2020 LG Revenue Requirement of $184.248 million ($186.486 million including FF&U) for the recovery of net costs associated with resources approved by the California Public Utilities Commission ("Commission") for Cost Allocation

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

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

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

6 SDG&E is currently waiting for the approval of its Tier 2 Advice Letter 3318-E establishment of PABA preliminary statement and the necessary proposed modifications to the ERRA. SDG&E's PABA account is effective January 1, 2019, subject to advice letter approval. Above-market costs will continue to be recorded in ERRA until AL 3318-E is approved and PABA is established.

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

Mechanism ("CAM") treatment for recovery from all benefiting customers, including all bundled service, Direct Access ("DA") and Community Choice Aggregation ("CCA") customers,[8] and recovery of balances recorded to LGBA of $14.420 million including FF&U;[9,10] and

5. 2020 SONGS Unit 1 Offsite Fuel Storage Revenue Requirement of $1.097 million ($1.110 million including FF&U) for the recovery of costs associated with the spent fuel storage costs.[11]

Table 1 below compares the currently effective revenue requirements to the 2020 proposed revenue requirements discussed above and the GHG Allowance revenues eligible for return to customers through electric rates discussed in more detail below in Section III.

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

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

[10] The exact amount of the LGBA recorded balance requested for recovery is $14,420,433.

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

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

Line	**Description**	**Current Authorized Revenue Requirement[12]**		**Proposed Revenue Requirement**		**Change from Current[13]**	**Change (%)**
		w/o FF&U	w/ FF&U	w/o FF&U	w/ FF&U	w/ FF&U	w/ FF&U
1	ERRA[14]	$1,215,534	$1,230,297	$681,845	$690,126	$(540,170)	-2.1%
2	PABA	$ -	$ -	$508,667	$514,845	$514,845	
3	CTC	$17,493	$17,705	$16,898	$17,103	$(602)	-3.4%
4	LG	$177,437	$179,592	$184,248	$186,486	$6,894	3.8%
5	SONGS	$1,084	$1,097	$1,097	$1,110	$13	1.2%
6	LGBA Balance	$517	$524	$14,247	$14,420	$13,897	2653.3%
7	**Subtotal**	$1,412,065	$1,429,215	$1,407,003	$1,424,091	$(5,124)	-0.4%
	GHG Allowance Revenues Eligible for Return to Customers						
8	Small Business Volumetric Return		$(2,798)		$(3,741)	$(943)	33.7%
9	Residential CCC		$(85,872)		$(85,052)	$820	-1.0%
10	Subtotal		$(88,670)		$(88,793)	$(123)	0.1%
11	**Total[15]**		$1,340,545		$1,335,298	$(5,247)	-0.4%

Table 2 below presents the class average rate impacts associated with the revenue requirements presented in Table 1 above. SDG&E is requesting rate recovery of those revenue requirements beginning January 1, 2020. The net $5.124 million (including FF&U) decrease from the currently effective revenue requirements would decrease the system average rate by 0.063 cents per kilowatt hour ("kWh"), or 0.27%. Without the Residential Semi-Annual CCC, the system average rate would decrease by 0.071 cents per kWh, or 0.29%.

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12 Authorized by D.18-12-016 and effective January 1, 2019 per AL 3326-E.
13 Differences may not equal due to rounding.
14 Includes GHG costs.
15 Sums may not equal due to rounding.

Table 2 – Illustrative Rate Impacts from 2020 ERRA, PABA, CTC, LG, SONGS, and GHG Revenue Requirements

Customer Classes	Current Effective Rates[16] (¢/kWh)	Proposed Rates (¢/kWh)	Change (¢/kWh)	Change (%)
Residential	26.251	26.209	(0.042)	-0.16%
Small Commercial	24.963	24.857	(0.106)	-0.42%
Medium and Large Commercial and Industrial	22.205	22.146	(0.059)	-0.27%
Agriculture	17.459	17.372	(0.087)	-0.50%
Streetlighting	21.850	21.825	(0.025)	-0.11%
System	23.738	23.675	(0.063)	-0.27%

III. RATES FOR RETURN OF THE GHG ALLOWANCE REVENUES

In compliance with Decision ("D") 12-12-033, the GHG allowance revenues eligible for return to customers is based on the GHG Allowance Revenues forecast of $105.614 million ($106.897 million including FF&U) presented in the testimony of SDG&E witness Jeff Deturi, adjusted for the following:

1. Reconciliation of 2018 year-end recorded/forecasted with 2018 year-end actuals recorded in GHG Revenue Balancing Account ("GHGRBA") presented in the testimony of SDG&E witness Khoang Ngo of $4.420 million (including FF&U);
2. GHG expenses related to customer outreach and education and administrative costs presented in the testimony of SDG&E witness Roland Mollen of $0.048 million (including FF&U) that will be recorded in the GHG Customer Outreach and Education Memorandum Account ("GHGCOEMA") and the GHG Administrative Costs Memorandum Account ("GHGACMA"); and

[16] Effective March 1, 2019 per AL 3346-E.

3. Solar on Multifamily Affordable Housing (“SOMAH”) Program funding[17] of $10.561 million ($10.690 million including FF&U) presented in the testimony of SDG&E witness Jeff Deturi. In addition, Disadvantaged Community Single-Family Solar Homes (“DAC-SASH”) Program funding of $1.030 million ($1.043 million including FF&U), the DAC – Green Tariff (“DAC-GT”) Program funding of $1.120 million ($1.134 million including FF&U), and the Community Solar Green Tariff ("CSGT”) Program funding of $0.156 million ($0.158 million including FF&U), also presented in the updated testimony of SDG&E witness Jeff Deturi.[18]

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

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

18 On August 24, 2018, SDG&E filed AL 3262-E-A and separately on January 24, 2019, SDG&E filed AL 3262-E-B. SDG&E is waiting for approval of both ALs, currently suspended by the Commission.

Table 3 – GHG Allowance Revenues[19] Eligible for Return to Customers

	Current Authorized[20] ($000)	Proposed ($000)	Change ($000)	Change (%)
GHG Allowance Revenues	$(101,156)	$(105,614)	$(4,458)	4.4%
Interest	$251	$172	$(79)	-31.3%
GHG Expenses[21]	$(135)	$48	$183	-135.1%
Clean Energy/Energy Efficiency Program Costs	$13,650	$12,867	$(782)	-5.7%
FF&U	$(1,061)	$(1,124)	$(62)	5.9%
Prior Year GHGRBA Revenue Return True-Up[22]	$(686)	$4,420	$5,106	-744.2%
GHG Allowance Revenues Eligible for Return to Customers	$(89,138)	$(89,231)	$(92)	0.1%

Ordering Paragraph 1 of D.12-12-033 directed the Investor Owned Utilities ("IOUs") to distribute GHG allowances revenues eligible for return to customers in the following manner:[23]

1. **Emissions-Intensive and Trade-Exposed ("EITE")** entities will receive an annual, fixed-amount on-bill credit based on Commission calculations, discussed below;
2. **Small Business Volumetric Return** is intended to offset the rate impacts of the Cap-and-Trade program in the electricity rates of small businesses, defined as entities with monthly demand not exceeding 20 kilowatts ("kW") in more than three months in a twelve-month period,[24] through a volumetrically calculated rate adjustment and is described in more detail below; and

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19 All values exclude FF&U unless otherwise noted.
20 Authorized by D.18-12-016 and effective January 1, 2019 per AL 3326-E.
21 GHG Expenses include utility outreach and administrative costs, including IT billing and program management costs, as well as statewide outreach costs.
22 D.14-10-033, Finding of Fact ("FOF") 15 allows utilities to use a balancing account to maintain a record of allowance revenues.
23 Consistent with D.15-07-001, OP 18, the Residential Volumetric Return is no longer applicable.
24 D.12-12-033, OP 1(B).

3. **Residential CCC** for the distribution of all remaining GHG Allowance revenues to residential customers on an equal per residential account basis delivered as a semi-annual, on-bill credit and is described in more detail below.

1. EITE

D.15-01-024 states "[o]nce EITE customers have begun receiving an EITE return, the forecast return is based on the recorded prior-year revenue returned to EITE customers."[25] In 2019, EITE customers received EITE returns in the amount of $0.469 million. As such, the adjustment to GHG Allowance Revenues eligible for return to customers in 2020 reflects an assumed return to EITE customers of $0.437 million.

2. Small Business Volumetric Return

Ordering Paragraph 1 of D.12-12-033 defines small businesses as non-residential customers on a general service or agricultural tariff with monthly demand not exceeding 20 kW for more than three months in a twelve-month period. This includes customers from SDG&E's Small Commercial, Medium and Large Commercial and Industrial, and Agricultural customer classes. Pursuant to Ordering Paragraph 1 of D.12-12-033 small businesses are entitled to receive allowance revenue returns that will offset the rate impacts of GHG costs subject to an assistance factor that determines the amount of transition assistance small business customers will receive from GHG Allowance revenues. D.13-12-002 modified the assistance factors applied to small businesses to provide a smoother transition path for the decline in level of assistance level and avoid discrete and large changes, which can be problematic for small business customers from year to year[26] and is presented in Table 4 below, with the 2020 effective factor of 50%.

[25] D.15-01-024, Attachment D, page 5.
[26] D.13-12-002, pp. 1-2 and Conclusion of Law ("COL") 2.

Table 4 – Small Business Assistance Factors

Year	2013	2014	2015	2016	2017	2018	2019	2020
Assistance Factor (%)	100	100	100	90	80	70	60	50

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

Table 5 – Small Business Volumetric Return

Customer Class	Rate Impact of GHG Costs (¢/kWh) (A)	Small Business Volumetric Return (¢/kWh) (B)	Assistance (%) (C= -B/A)[27]
Small Commercial	0.00411	(0.00205)	50%
M/L C&I	0.00489	(0.00245)	50%
Agriculture	0.00346	(0.00173)	50%
Small Business Allowance Revenues for Return[28] ($000)		($3,741)	

3. Residential CCC

The remaining GHG Allowance revenues eligible for return to customers will be allocated to all residential customers on an equal cents-per-household basis, which will be credited to customers semi-annually as a bill credit, also known as the Residential Semi-Annual CCC.[29] Table 6 below presents the remaining GHG Allowance revenues available for return through the Residential CCC of $85.052 million, which results in a semi-annual Residential CCC of $31.43.

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27 May not equal due to rounding.

28 Includes FF&U.

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

Table 6 – GHG Allowance Revenues[30] Eligible for Return through Residential CCC

	Current Authorized ($000)[31]	Proposed ($000)	Change[32] ($000)	Change (%)
GHG Allowance Revenues Eligible for Return	$(89,138)	$(89,231)	$(92)	0.1%
EITE Customer Return Revenues	$469	$437	$(31)	-6.6%
Small Business Volumetric Return Revenues	$2,798	$3,741	$943	33.7%
Residential CCC Revenues	$85,872	$85,052	$(820)	-1.0%
Residential Semi-Annual CCC ($/semi-annual)	$31.32	$31.43	$0.11	0.3%

IV. 2020 PCIA RATES

In D.06-07-030, modified by D.07-01-030, the Commission established authority for the PCIA component of the Cost Responsibility Surcharge ("CRS") to preserve bundled customer indifference by ensuring departing load customers pay their share of the cost responsibility associated with the above-market costs based on an administrative benchmark, also known as the "indifference amount," of the utilities' total procurement resource portfolio.[33]

In D.08-09-012, the Commission continued to refine the indifference amount methodology to better protect bundled customer indifference by introducing the requirement to "vintage" departing load customers, based on their departure date, when determining the customers' cost responsibility for the "total portfolio" of resources.[34] Assigning customers to a vintage ensured that departing load customers pay their share of above-market costs associated with the specific

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30 Includes FF&U.
31 Authorized by D.18-12-016 and effective January 1, 2019 per AL 3326-E.
32 Difference may not equal due to rounding.
33 In D.07-01-025, the Commission adopted the PCIA methodology for CCA customers.
34 D.08-09-012, OP 10.

vintage portfolio of resources that were acquired to serve them prior to their departure from bundled load service in order to better protect bundled customer indifference. After departure from bundled service, the departing load customers are not required to pay for above-market costs associated with utility procurement commitments after that load departs.

In D.11-12-018, the Commission adopted further refinement to the indifference amount methodology recognizing that regulatory and industry changes had impacted energy procurement practices. Changes to the Market Price Benchmark ("MPB") methodology, used to determine the "above-market" value of electricity, now included the addition of a renewables portfolio standards adder ("RPS adder") to better reflect the market value of renewable resources and a revised resource adequacy capacity adder ("CAP adder"), which resulted in vintage MPBs.[35] The vintage portfolio of resources calculation was revised to better reflect time-of-use load variations and also removed load-related costs incurred by the California Independent System Operator ("CAISO") that are then charged to the utilities.

In accordance with D.16-09-044, the Joint Utilities and CCAs[36] developed a uniform workpaper template through the PCIA Working Group to "facilitate comparison and analysis of the PCIA across utilities."[37] Pursuant to D.17-08-026 OP 1 and consistent with SDG&E's 2019 ERRA Forecast, SDG&E has reflected the uniform workpaper template as attached in Appendix 7 of D.06-07-030 as part of this filing. The Commission further ordered in D.18-10-019 that PG&E, SCE and SDG&E develop a uniform common template for the calculation of each of their PCIA

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[35] D.11-12-018, OP 2.

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

[37] D.17-08-026, p. 2.

rates reflecting the changes ordered in the Decision.[38] SDG&E submitted its common template to the CPUC's Energy Division and concurrently served the updated common template to the service list for its ERRA proceeding.

In D.18-10-019, the Commission issued a decision modifying the PCIA methodology revising inputs to the MPB that is used to calculate the PCIA. The revised methodology affects PCIA rates that were effective as of January 1, 2019. In addition to the revised MPB inputs, the decision also adopted an annual true-up mechanism, as recommended by a number of parties, as well as a cap that will limit the change of the PCIA rate from one year to the next. Starting in forecast year 2020, the cap level of the PCIA rate is set at 0.5 cents/kWh more than the prior year's PCIA, differentiated by vintage.

1. Indifference Methodology

Under Commission rules,[39] departing load customers are responsible for their fair share of above-market costs, or an indifference amount, incurred by the utility on behalf of those customers when electric generation costs exceed the current market price, or market price benchmark. To maintain bundled customer indifference to the departure of SDG&E's customers to non-utility service, SDG&E calculates the indifference amount to determine the cost responsibility for DA, CCA and other departing load, specifically:

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[38] D.18-10-019, OP 3.
[39] California Public Utilities Code Section 365.2.

Indifference Amount = CTC + PCIA

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

In this Application, SDG&E is proposing to update the currently effective vintage PCIA rates and to include the new vintage 2020 PCIA rates to account for customers' departing load in the second half of 2019. With respect to this 2020 ERRA proceeding, SDG&E's portfolio of resources, used to calculate the vintage 2020 indifference amounts and the resulting 2020 PCIA rates, will include applicable costs from SDG&E's:

- Forecasted 2020 PABA, CTC, and LG revenue requirements;
- Authorized 2020 Department of Water Resources ("DWR") Power Charge costs allocated to SDG&E; and
- SDG&E's authorized 2020 Non-Fuel Generation Balancing Account ("NGBA") revenue requirement.

However, the 2020 DWR and 2020 NGBA revenue requirements as well as the vintage 2020 MPBs are not available at the time of this filing.[40] Therefore, the 2019 DWR[41] and 2019 NGBA[42] revenue requirements, as well as the current MPBs[43] were used in the preliminary

[40] SDG&E expects to update this testimony in November once that information is available.
[41] Final Decision D.18-11-040 OP2 was issued on December 10, 2018 allocating the final revised 2019 revenue requirement determination of the California Department of Water Resources.
[42] SDG&E Filed AL 3297-E on November 5, 2018.
[43] Per SDG&E AL 3281-E.

calculation of the vintage 2020 PCIA rates in this testimony and will be updated in SDG&E's November Update filing of this proceeding.

2. Treatment of SONGS-related Costs

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

SDG&E's PCIA rates therefore no longer include SONGS-related Regulatory Asset costs.[44] The only remaining SONGS-related costs included in PCIA rates are non-fuel-related costs authorized in SDG&E's 2016 General Rate Case, which are included in the PCIA rates in Attachment A.

V. GREEN TARIFF SHARED RENEWABLES PROGRAM

In D.15-01-051, the Commission began the implementation of Senate Bill ("SB") 43, which set a formal requirement for the three California IOUs to implement the Green Tariff Shared Renewables Program ("GTSR"). SB 43 was signed into law by Governor Brown on September 28, 2013. The GTSR Program is intended to (1) expand access to "all eligible renewable energy resources to all ratepayers who are currently unable to access the benefits of onsite generation," and (2) "create a mechanism whereby institutional customers…commercial customers…and groups of individuals...can meet their needs with the electrical generation from eligible renewable energy resources."[45]

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

[45] California Public Utilities Code Section 2831 (b) and (f).

Findings of Fact 136 of D.15-01-051, states that "Each IOU's revenue requirements and associated forecasts of fuel and purchase power…are currently reviewed and approved in the annual ERRA forecast proceeding…" and Finding of Fact 137 states that "[c]oordinating review of true-up of GTSR and credits with the ERRA process will provide greater certainty that entries to the GTSR accounts are stated correctly and are consistent with Commission decisions." Accordingly, the commodity-related costs and credits as well as the resulting rates applied to GTSR customers are presented in this 2020 ERRA forecast application. Pursuant to D.15-01-051, "[t]he RPR [Renewable Power Rate] [46] and other components of GTSR rates should be updated annually"[47] and "[c]hanges to the rates can be accomplished through Advice Letters."[48] As such, for 2020 SDG&E proposes updating the 2020 GTSR Program rate components, to be effective with SDG&E's 2020 ERRA Forecast, which as requested, would implement with SDG&E's 2020 Consolidated Filing to Implement January 1, 2020 Electric Rates, assuming Commission approval of this filing in time for inclusion in the Consolidated Filing.

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

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[46] SDG&E's RPR was previously referred to as the Cost of Local Solar.
[47] D.15-01-051, COL 53.
[48] *Id.* COL 51.

The rate components for the GT and ECR rates[49] associated with these programs are as follows:

1. **Renewable Power Rate**[50] for the GT rate is the price that customers pay for the commodity portion which is based on the cost of the incremental local solar projects that the Utility procures for the program. The 2020 cost of local solar component of the GT is $66.61/MWh as described in the direct testimony of SDG&E witness Jeff Deturi.[51]

2. **Renewable Energy Commodity Price**[52] for the ECR rate is equal to the portion of the renewable generating facility's output that the customer has subscribed to, multiplied by the amount per kWh that the Utility has agreed to pay the developer ("Renewable Energy Commodity Price"). These values are part contract agreement with the Developers and therefore not addressed in this proceeding.

3. **Renewable Energy Value Adjustment**[53] for the GT and ECR rates calculates the relative value of energy and capacity for the solar resources supporting the GT and ECR programs compared to the Utility's current portfolio of resources serving all bundled load. The 2020 Renewable Energy Value Adjustment is $0.00421/kWh as described in the direct testimony of SDG&E witness Jeff Deturi.[54]

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[49] All GT and ECR rate components include FF&U unless otherwise noted.

[50] SDG&E's Renewable Power rate was previously referred to as the Cost of Local Solar.

[51] SDG&E witness Jeff Deturi shows the Renewable Power Rate as $65.81/MWh, which is without FF&U. The rate of $66.61/MWh includes FF&U.

[52] Formerly the Solar Commodity Price.

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

[54] SDG&E witness Jeff Deturi shows the Renewable Energy Value Adjustment as $0.00416/kWh, which is without FF&U. The adjustment of $0.00421/kWh includes FF&U.

4. **Administrative Costs** for the GT and ECR rates include incremental costs such as labor and non-labor for program management and policy support, Green-e certification, and information technology ("IT") costs. Per Resolution E-4734 which approved the administrative costs for the GT and ECR programs, the charge for administrative costs remains at $0.00385/kWh for GT and $0.00343/kWh for ECR.[55]

5. **Marketing Costs** for the GT and ECR rates includes incremental costs needed to implement the marketing plan. These costs are composed of labor (spent for planning, managing to the marketing plan, and community outreach) and non-labor tactical implementation (i.e. creative design, production, translation and mailing fees). Per Resolution E-4734 which approved the marketing costs for the GT and ECR programs, the marketing charge remains at $0.00117/kWh for GT and $0.00013/kWh for ECR.[56]

6. **Renewable Energy Commodity Credit**[57] for the ECR rate assumes the customer has already purchased the rights to this output from the developer, the Utility concurrently assigns a credit to the customer equal to Renewable Energy Commodity Price ("Renewable Energy Commodity Credit"). These values are part

[55] SDG&E filed AL 3168-E on December 26, 2017 requesting approval to extend its GTSR program. Included in the AL is the updated budget for Administrative Costs associated with the GTSR program. Upon approval of AL 3168-E, SDG&E will update the Administrative Costs rate components to implement the Administrative budget associated with the extension of the GTSR program.

[56] SDG&E filed AL 3168-E on December 26, 2017 requesting approval to extend its GTSR program. Included in the AL is the updated budget for Marketing Costs associated with the GTSR program. Upon approval of AL 3168-E, SDG&E will update the Marketing Costs rate components to implement the Administrative budget associated with the extension of the GTSR program.

[57] Formerly known as Solar Commodity Credit.

of the contract agreement with the Developers and therefore not addressed in this proceeding.

7. **SDG&E's Average Commodity Cost Adjustment** for the GT and ECR rates is intended to approximate the avoided commodity costs and is based on SDG&E's class average commodity cost at the time of this filing which is credited to the customer and is discussed in more detail below.

8. **Western Renewable Energy Generation Information System ("WREGIS")** for the GT and ECR rates may include, but is not limited to, the annual WREGIS fee and a per megawatt-hour ("MWh") certificate fee that is charged as Renewable Energy Credits ("RECs") are retired. As discussed in the direct testimony of Jeff Deturi, the WREGIS costs are $0.00001/kWh.

9. **CAISO GMC** for the GT and ECR rates include CAISO charges are associated with grid management charges ("GMC") and energy scheduling. The 2020 CAISO costs, as described in the direct testimony of Jeff Deturi, are $0.00073/kWh.[58]

10. **Renewable Integration Costs ("RIC")** for the GT and ECR rates are currently set at $0/kWh as a placeholder.[59] A RIC Charge that is greater than $0/kWh may be imposed in the future on a going-forward basis only to all customers served under this Schedule, unless otherwise directed by the Commission.

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[58] SDG&E witness Jeff Deturi shows CAISO GMC as $0.00073/kWh, which is without FF&U. The cost of $0.00074/kWh includes FF&U.

[59] D.15-01-051 recognized that "[b]ecause GTSR is made up of renewable resources, the cost of renewables integration is of particular importance" (p. 115). D.15-01-051 further directed the IOUs to set a RIC charge of $0 as a placeholder. Within 60 days of a decision setting a RIC charge for ratepayers, the IOUs must file a Tier 3 Advice Letter setting forth how the RIC charge will be allocated to customers (both new and existing). *Id*, p. 119.

11. **PCIA** for the GT and ECR rates is intended to serve as a reasonable proxy for the GTSR customer indifference charge and is discussed further below.

Table 7 – GT Rate Components

	GT Rate Components	
	Current Authorized[60]	**Proposed**
Renewable Power Rate[61]	0.06200	0.06661
Renewable Energy Value Adjustment[62]	0.00421	0.00421
Administrative Costs	0.00385	0.00385
Marketing Costs	0.00117	0.00117
SDG&E's Average Commodity Cost Adjustment	See Table 9 below	
WREGIS	$0.00001	$0.00001
CAISO GMC	$0.00071	$0.00073
Renewable Integration Cost	$0.00000	$0.00000
PCIA	See Table 10 below	

Table 8 –ECR Rate Components

	ECR Rate Components	
	Current Authorized[63]	**Proposed**
Renewable Energy Commodity Price[64]	Refer to Contract	
Renewable Energy Value Adjustment[65]	0.00421	0.00421
Administrative Costs	0.00343	0.00343
Marketing Costs	0.00013	0.00013
Renewable Energy Commodity Credit[66]	Refer to Contract	
SDG&E's Average Commodity Cost Adjustment	See Table 9 below	
WREGIS	$0.00001	$0.00001
CAISO GMC	$0.00071	$0.00073
Renewable Integration Cost	$0.00000	$0.00000
PCIA	See Table 10 below	

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60 Authorized by D.18-12-016 and effective January 1, 2019 per AL 3326-E
61 Formerly known as Cost of Local Solar per SDG&E AL 3006-E.
62 Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.
63 Authorized by D.18-12-016 and effective January 1, 2019 per AL 3326-E.
64 Formerly known as Solar Commodity Price.
65 Formerly known as Value of Solar Energy and Capacity Adjustment per SDG&E AL 3006-E.
66 Formerly known as Solar Commodity Credit.

SDG&E's Average Commodity Cost Adjustment is used as a proxy to reflect SDG&E's avoided commodity costs, which ideally would be reflected in the average commodity rate by customer class. To better reflect the avoided commodity cost, the average commodity rate is adjusted for ERRA-related balances given that such balances can cause the average commodity rate to differ from the costs, as well as adjusted for updated commodity costs as filed in SDG&E's 2019 NGBA update.[67] For this reason, SDG&E is substituting the ERRA component of the average commodity rate by customer class with an ERRA forecast value in order to adjust for ERRA Balances and updated NGBA costs to better approximate avoided costs, as authorized in D.15-01-051. SDG&E's 2020 adjusted class average commodity rate for the GTSR rate components is based on effective average commodity rate by customer class,[68] with the adjustments stated above, are shown in the Table 9 below. Upon implementation of the 2020 GTSR rates, SDG&E proposes to update the SDG&E's Average Commodity Cost Adjustment to include current effective commodity rates at the time of implementation to better reflect the avoided commodity costs.

Table 9: GT and ECR Rate Components – Class Average Commodity Adjustment Rates ($/kWh)

	Current Authorized[69]	Proposed
Residential	(0.10870)	(0.11332)
Small Commercial	(0.10725)	(0.10188)
M/L C&I	(0.11047)	(0.11734)
Agricultural	(0.09108)	(0.08173)
Streetlighting	(0.07193)	(0.07433)

67 SDG&E filed AL 3297-E on November 5, 2018.
68 Current commodity rates effective 11/1/18 per AL 3290-E.
69 Effective January 1, 2019 per AL 3326-E.

The PCIA component of the GT and ECR rates comprises the indifference adjustment or the above market cost of the Utility's existing procurement portfolio and is calculated annually. D.15-01-051 Finding of Fact 100 states, "[t]he PCIA calculated for DA and CCA customers provides a reasonable proxy for the GTSR customer indifference charge." Accordingly, the utilities were directed to use vintaged PCIA as a proxy for the indifference adjustment.[70] This is a cost that is ultimately born by all customers for resources that were procured on their behalf. GT and ECR customers' PCIA rates will be billed by customer class and customer specific vintage using the 2020 PCIA rates discussed above and identified in Attachment A.

Per Resolution E-4734, GTSR participants are subjected to a termination fee if they cancel their subscription after the 60-day cooling off period[71] beginning on the effective date of the subscription, but prior to the minimum one-year agreement term. The GT and ECR Termination Fee is comprised of the above-market costs associated with the participant's subscription of solar energy plus any administrative and marketing costs associated with the participant's subscription. The above market costs are calculated as the present value of the forecasted difference between the Solar Commodity Price and the sum of MPB in the PCIA calculation, the solar value adjustment, and green attributes.

The GTSR Termination Fees vary by class as follows:

- GTSR Residential Termination Fee: one termination fee for the residential class to make it easier for customers to understand and to provide cost certainty in the event of a customer desiring an early termination. The current GT Residential Termination Fee is $70.00 and the current ECR Residential Termination Fee is

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[70] D.15-01-051, p. 103.
[71] Per SDG&E AL 2745-E/2745-E-A/2745-E-B.

$80.00.[72] SDG&E is not proposing a change to the Residential Termination fee at this time.

- GTSR Non-Residential Termination Fee: due to the wide potential variation in usage and corresponding subscription level for the commercial customers. SDG&E calculates the GTSR Non-Residential Termination Fee using above-market costs associated with the customer's subscription of solar energy plus administrative and marketing costs.

Table 11 below presents the termination fees for both the GT and ECR programs for non-residential customers.

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

	Current Authorized[73]	Proposed
GT	$ 0.00337	$ 0.00524
ECR	$ 0.00325	$ 0.00512

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

VI. SUMMARY AND RELIEF REQUESTED

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

1. Approve for recovery in rates: (1) the 2020 ERRA revenue requirement, which includes GHG costs, of $690.126 million; (2) the 2020 PABA revenue requirement of $514.845 million; (3) the 2020 CTC revenue

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72 Per SDG&E AL 3006-E.

73 Approved by D.18-12-016, OP 7.

requirement of $17.103 million; (4) the 2020 LG revenue requirement of $186.486 million; (5) the SONGS revenue requirement of $1.110 million and (6) the balances recorded to the LGBA of $14.420 million.[74]

2. Approve SDG&E's 2020 proposed rates for:

   a. GHG Allowance return to customers, specifically the EITE return, the Small Business Volumetric Return Rate presented in Table 5 and the Residential Semi-Annual CCC of $31.43

   b. 2020 PCIA rates presented in Attachment A; and

   c. 2020 rate components for the GTSR Program, which includes rates for the GT program and ECR program presented in Attachment B and C.

This concludes my prepared direct testimony.

[74] The exact amount of the LGBA recorded balance requested for recovery is $14,420,433.

VII. QUALIFICATIONS

My name is Jennifer Montanez and my business address is 8330 Century Park Court, San Diego, California 92123. I received a bachelor's degree in Business Administration, with an emphasis in Accounting, from California State University of San Marcos.

I am a Rate Strategy Project Manager in the Customer Pricing Department of SDG&E. My primary responsibilities include planning, development, and implementation of rate related proceedings, cost-of-service studies, determination of revenue allocation and preparation of various regulatory filings. Prior to that, I was employed in positions of increasing responsibility in the Electric and Fuel Procurement, Energy Risk Management, and Resource Planning departments of SDG&E. I also served as an accountant for various Sempra Energy business units for five years. I have been employed with Sempra Energy or SDG&E for 12 years.

I have previously submitted testimony before the California Public Utilities Commission.

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

2020 ERRA Forecast

Attachment A

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	PCIA 2001 Vintage	PCIA 2002 Vintage	PCIA 2003 Vintage	PCIA 2004 Vintage	PCIA 2005 Vintage	PCIA 2006 Vintage	PCIA 2007 Vintage	PCIA 2008 Vintage	PCIA 2009 Vintage	PCIA 2010 Vintage
Residential	0.00044	0.00044	0.00044	0.01032	0.01143	0.01314	0.01761	0.01695	0.01713	0.02209
Small Commercial	0.00037	0.00037	0.00037	0.00863	0.00956	0.01099	0.01472	0.01417	0.01432	0.01847
Medium & Large C&I	0.00028	0.00028	0.00028	0.00655	0.00725	0.00834	0.01117	0.01075	0.01087	0.01402
Agriculture	0.00029	0.00029	0.00029	0.00684	0.00757	0.00870	0.01166	0.01122	0.01134	0.01463
Streetlighting	0.00029	0.00029	0.00029	0.00678	0.00751	0.00863	0.01157	0.01113	0.01125	0.01451
System Total	0.00034	0.00034	0.00034	0.00808	0.00895	0.01029	0.01378	0.01326	0.01340	0.01729

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

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

2020 ERRA Forecast

Attachment A Continued

Power Charge Indifference Adjustment Rates for Direct Access and Community Choice Aggregation Customers[1]

($/kWh)

Rate Group	PCIA 2011 Vintage	PCIA 2012 Vintage	PCIA 2013 Vintage	PCIA 2014 Vintage	PCIA 2015 Vintage	PCIA 2016 Vintage	PCIA 2017 Vintage	PCIA 2018 Vintage	PCIA 2019 Vintage	PCIA 2020 Vintage
Residential	0.03304	0.03598	0.03595	0.03605	0.03605	0.03605	0.03615	0.03615	0.03615	0.03612
Small Commercial	0.02763	0.03008	0.03006	0.03014	0.03014	0.03014	0.03023	0.03023	0.03023	0.03020
Medium & Large C&I	0.02097	0.02283	0.02282	0.02288	0.02288	0.02288	0.02294	0.02294	0.02294	0.02292
Agriculture	0.02188	0.02383	0.02381	0.02387	0.02387	0.02387	0.02394	0.02394	0.02394	0.02392
Streetlighting	0.02171	0.02364	0.02362	0.02368	0.02368	0.02368	0.02375	0.02375	0.02375	0.02373
System Total	0.02586	0.02816	0.02814	0.02821	0.02821	0.02821	0.02830	0.02830	0.02830	0.02827

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

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

2020 ERRA Forecast

Attachment B

2020 Proposed Green Tariff Rate Components

Description	$/kWh Residential	$/kWh Sm Commercial	$/kWh M/L C&I	$/kWh Agriculture	$/kWh Streetlighting
Renewable Power Rate	0.06661	0.06661	0.06661	0.06661	0.06661
Renewable Energy Value Adjustment	0.00421	0.00421	0.00421	0.00421	0.00421
Administrative Costs	0.00385	0.00385	0.00385	0.00385	0.00385
Marketing Costs	0.00117	0.00117	0.00117	0.00117	0.00117
SDG&E's Average Commodity Cost Adjustment	(0.11332)	(0.10188)	(0.11734)	(0.08173)	(0.07433)
WREGIS	0.00001	0.00001	0.00001	0.00001	0.00001
CAISO GMC	0.00073	0.00073	0.00073	0.00073	0.00073
Renewable Integration Cost	0.00000	0.00000	0.00000	0.00000	0.00000
GT Differential	(0.03673)	(0.02529)	(0.04076)	(0.00514)	0.00225
PCIA	See Attachment A				

SAN DIEGO GAS & ELECTRIC COMPANY - ELECTRIC DEPARTMENT

2020 ERRA Forecast

Attachment C

2020 Proposed Enhanced Community Renewables Rate Components

	$/kWh	$/kWh	$/kWh	$/kWh	$/kWh
Description	**Residential**	**Sm Commercial**	**M/L C&I**	**Agriculture**	**Streetlighting**
Renewable Energy Commodity Price	Refer to Contract				
Value of Solar Energy and Capacity Adjustment	0.00421	0.00421	0.00421	0.00421	0.00421
Administrative Costs	0.00343	0.00343	0.00343	0.00343	0.00343
Marketing Costs	0.00013	0.00013	0.00013	0.00013	0.00013
Renewable Energy Commodity Credit	Refer to Contract				
SDG&E's Average Commodity Cost Adjustment	(0.11332)	(0.10188)	(0.11734)	(0.08173)	(0.07433)
WREGIS	0.00001	0.00001	0.00001	0.00001	0.00001
CAISO GMC	0.00073	0.00073	0.00073	0.00073	0.00073
Renewable Integration Cost	0.00000	0.00000	0.00000	0.00000	0.00000
ECR Bill Credit	(0.10481)	(0.09337)	(0.10884)	(0.07322)	(0.06583)
PCIA	See Attachment A				

Glossary of Acronyms

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

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