

Application No.: A.23-06-XXX

Exhibit No.: \_\_\_\_\_

Witness: Sheri Miller

**PREPARED DIRECT TESTIMONY OF**

**SHERI MILLER**

**ON BEHALF OF**

**SAN DIEGO GAS & ELECTRIC COMPANY**

**PUBLIC VERSION**

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



**JUNE 1, 2023**

**TABLE OF CONTENTS**

**I. OVERVIEW AND PURPOSE.....1**

**II. WEIGHTED AVERAGE COST (“WAC”) CALCULATION .....1**

**III. GHG COST RECOVERY .....2**

**IV. LGBA RESOURCES.....2**

**V. CONCLUSION .....3**

**VI. QUALIFICATIONS .....4**

ATTACHMENT A – 2022 MONTHLY ELECTRIC WAC CALCULATION SPREADSHEET

ATTACHMENT B – 2022 GHG COST RECOVERY TEMPLATE C-2

ATTACHMENT C - 2022 & 2022 GHG COST TEMPLATE D-2

ATTACHMENT D – DECLARATION OF AARON FRANZ REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO D.16-08-024, *et al.*

**PREPARED DIRECT TESTIMONY OF  
SHERI MILLER  
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

**I. OVERVIEW AND PURPOSE**

This testimony presents San Diego Gas & Electric Company's ("SDG&E") accounting procedure used to record the greenhouse gas ("GHG") Compliance Instrument costs that are described in the testimony of SDG&E witness Scott Lewis and also includes the required GHG direct cost tables.

**II. WEIGHTED AVERAGE COST ("WAC") CALCULATION**

Decision ("D.") 14-10-033 provided the approved method of calculating the GHG Compliance Instrument WAC. D.14-10-033 was later revised by D.14-10-055, D.15-01-024, D.19-04-016, and most recently by D.21-05-004. SDG&E calculates the gas and electric WAC monthly in accordance with the revised D.21-05-004 Attachment C. Attachment A of this testimony contains the completed Template C-1 (the electric WAC calculation workpapers) for January through December of 2022.

SDG&E values its purchased GHG compliance instruments on a monthly basis for the current compliance period, using the WAC in accordance with D.21-05-004. The electric GHG costs are then recorded in the appropriate balancing accounts based on actual GHG emissions volumes and the current WAC price. More specifically, the direct GHG costs associated with SDG&E's conventional resources and contracts are calculated by multiplying the total monthly GHG emissions volumes created by those resources' energy generation with the WAC for each month, which equals the direct GHG costs. These costs are recorded monthly as an expense in the appropriate authorized cost recovery balancing accounts, and also as a liability to the California Air and Resources Board ("CARB") for carbon credits not yet submitted. If reported emission amounts

1 from previous months were revised, or if the WAC changes, the current month's expense will also  
2 include an amount that reflects the true-up of costs resulting from the changes.

### 3 **III. GHG COST RECOVERY**

4 D.21-05-004, which modified and replaced D.19-04-016 Attachment A, clarified the  
5 balancing account cost recovery process for GHG, and added new required Templates C-2 and D-2,  
6 was approved on May 6, 2021. Pursuant to Findings of Fact ("FAF") 4 and 5 in this Decision,  
7 SDG&E records GHG costs in the same balancing accounts in which other costs related to the same  
8 resources are recorded. In other words, SDG&E is not required to record all GHG costs in the  
9 ERRA balancing account. Pursuant to Conclusions of Law ("COL") 5, SDG&E began using this  
10 modified methodology in its ERRA Compliance application in 2021 for the 2020 Record Year. In  
11 compliance with these requirements, SDG&E includes the new Template C-2 as Attachment B in  
12 this testimony, which presents its 2022 GHG costs in the appropriate balancing accounts according  
13 to the modified methodology.

14 GHG direct compliance costs recorded in record year 2022 were [REDACTED]  
15 Attachment B of this testimony shows a summary of these transactions presented in compliance  
16 with the D.21-05-004 methodology. These amounts include expense that was recorded to true-up  
17 costs of prior months in the same GHG compliance period. These costs are also presented in  
18 Attachment C of this testimony, which is the new required Template D-2 which has been submitted  
19 in SDG&E's 2024 ERRA Forecast filing.

### 20 **IV. LGBA RESOURCES**

21 The LGBA was approved in D.13-03-029 with the purpose of recording the revenues and  
22 costs of generation where the Commission has determined that the resource is subject to a cost  
23 allocation mechanism ("CAM"). SDG&E currently has contracts with three resources that are

1 approved for CAM recovery and have GHG expenses: Carlsbad Energy Center, Escondido Energy  
2 Center, and Pio Pico Energy Center.

3 Pursuant to D.07-09-044, the costs of CAM resources are to be recovered on a net basis in  
4 the CAM balancing account. The Decision mentions an auction process to determine the cost, and  
5 in the absence of an auction, the costs are to be determined using the methodology in the Settlement  
6 Agreement. The Settlement Agreement provides that unavoidable costs (associated with must-take  
7 resources) shall be recorded in the CAM account using actual costs, and avoidable costs shall be  
8 recorded in the CAM account using imputed costs. To comply with this Decision, SDG&E records  
9 the costs of its CAM-eligible dispatchable resources using a model instead of actuals to calculate  
10 net capacity costs.

11 Therefore, in compliance with D.07-09-044, SDG&E includes direct GHG costs associated  
12 with its dispatchable CAM-eligible resources in the monthly imputed CAM net capacity cost  
13 calculation, and the net cost shall be recorded in LGBA. In 2022, SDG&E recorded any difference  
14 between these modeled costs of direct GHG and the actual costs of direct GHG in ERRA.

## 15 **V. CONCLUSION**

16 SDG&E's recording of GHG expense in record year 2022 was consistent with the  
17 calculations and reporting prescribed in revised D.21-05-004, as demonstrated by the testimony and  
18 Attachments A, B, and C provided herein. Therefore, SDG&E requests that the Commission find  
19 SDG&E in compliance with the requirements of D.21-05-004.

20 This concludes my prepared direct testimony.

1 **VI. QUALIFICATIONS**

2 My name is Sheri Miller. My business address is 8315 Century Park Court, San Diego, CA  
3 92123. I am employed by SDG&E as a Principal Settlement Advisor in the Settlements & Systems  
4 group in the Energy Supply organization. My responsibilities include reviewing ERRA testimony  
5 and advising on regulatory and legislative matters that impact SDG&E's energy and gas  
6 procurement settlements and cost recovery processes.

7 I joined SDG&E in October 2000, and since that time, I have held various positions at  
8 SDG&E including Senior Accountant, Principal Accountant, and Settlements Manager. I have  
9 experience with many aspects of SDG&E's accounting processes, including approving the gas and  
10 electric commodity invoices and overseeing the reporting processes.

11 I received a Bachelor of Science degree in Accounting and a Master of Business  
12 Administration from National University. I am also a Certified Public Accountant licensed in the  
13 state of California.

14 I have previously testified before the California Public Utilities Commission.

**ATTACHMENT A**

**SDG&E's 2022 MONTHLY ELECTRIC WAC  
CALCULATION SPREADSHEET  
TEMPLATE C-1**







**ATTACHMENT B**

**SDG&E's 2022 GHG COST RECOVERY  
TEMPLATE C-2**

Confidential GHG data

Template C-2 The GHG Balancing Account Table is provided in this 2022 ERRRA Compliance pursuant to A.13-08-002 Proposed Decision, OP 1 & 2.

Decision modifying Decision D.19-04-016, Attachment A

<b>San Diego Gas &amp; Electric</b>				
<b>DIRECT GHG COSTS 2022 (in millions)</b>				
<b>GHG Cost Category</b>	<b>ERRA*</b>	<b>PABA</b>	<b>LGBA</b>	<b>Total</b>
UOG				
Imported (out-of-state) UOG				
Tolling Contracts				
Total				

**ATTACHMENT C**

**SDG&E's 2022 & 2023 GHG COST  
TEMPLATE D-2**

Template D-2: Annual GHG Emissions and Associated Costs

Line	Description	Year 2021		Year 2022 <sup>1</sup>		Year 2023		Year 2024	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Direct GHG Emissions (MTCO <sub>2</sub> e)								
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	Subtotal								
9	Total Emissions (MTCO <sub>2</sub> e)								
10	Proxy GHG Price (\$/MT)	17.12	23.15	28.86	28.86	28.96		31.60	
11	GHG Costs (\$)								
12	Direct GHG Costs								
13	Direct GHG Costs - Financial Settlement								
14	Previous Year's Forecast Reconciliation (Line 16)								
15	Total Costs								
16	Forecast Variance (\$)								

**CONFIDENTIAL INFORMATION**

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

**ATTACHMENT D**

**DECLARATION OF AARON FRANZ REGARDING CONFIDENTIALITY OF  
CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.16-08-024, *et al.***

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

**DECLARATION OF AARON FRANZ  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.16-08-024, *et al.***

I, Aaron Franz, do declare as follows:

1. I am the Manager of the Settlements & Systems group in the Electric and Fuel Procurement department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Estela de Llanos, Vice President of Energy Supply. I have reviewed Sheri Miller’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application ... for Approval (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2022, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2022, and (iii) Costs Recorded in Related Regulatory Accounts in 2022” (“Application”). I am personally familiar with the facts and representations in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decisions (“D.”) 16-08-024, D.17-05-035, and D.17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in the Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal authority described herein, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 1<sup>st</sup> day of June, 2023, at San Diego.

*/s/ Aaron Franz*

---

Aaron Franz



# ATTACHMENT D

**SDG&E Request for Confidentiality  
on the following information in its Application for Approval of Its 2022  
(i) Contract Administration, Least Cost Dispatch and Power  
Procurement Activities in 2022, (ii) Costs Related to those Activities  
Recorded to the Energy Resource Recovery Account, Portfolio  
Allocation Balancing Account, Transition Cost Balancing Account, and  
Local Generating Balancing Account in 2022, and (iii) Costs Recorded  
in Related Regulatory Accounts in 2022**

<b>Location of Protected Information</b>	<b>Legal Authority</b>	<b>Narrative Justification</b>
<p>Attachment A (Schedule C-1), calculation and values of monthly GHG WAC, inventory balances, emissions expense, purchases, sales, and surrendered GHG instruments.</p> <p>Attachment B (Schedule C-2), GHG direct costs</p> <p>Attachment C (Schedule D-2), GHG costs &amp; emissions</p> <p>Testimony page SM-2, line 14 GHG costs</p>	<p>D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g).</p>	<p>GHG WAC calculations are confidential pursuant to D.14-10-033 Attachment A.</p> <p>GHG emissions: Disclosure of GHG recorded and forecast GHG costs would allow market participants to know SDG&amp;E's recorded and forecasted GHG obligation, thereby compromising SDG&amp;E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&amp;E's customers.</p>