

Application No.: A.21-04
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**



April 15, 2021

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

4 **I. PURPOSE AND OVERVIEW**

5 This testimony describes the process of forecasting San Diego Gas & Electric Company's
6 ("SDG&E") Power Charge Indifference Adjustment ("PCIA") costs in the 2022 Energy
7 Resource Recovery Account ("ERRA") Forecast. The PCIA cost is equivalent to the utility's
8 total portfolio costs, less its market value, in a given year. Additional regulatory history of the
9 PCIA is provided in SDG&E witness Stacy Fuhrer's testimony.

10 The forecasted PCIA costs are calculated using the modeled forecast costs and volumes
11 provided by SDG&E witness Stefan Covic, and the final PCIA costs presented in this testimony
12 are used by SDG&E witness Coreen Salcido in her testimony describing the 2022 balancing
13 account revenue requirements. This PCIA testimony also supports SDG&E witness Stacy
14 Fuhrer's development of customer rates in her testimony.

15 **II. PCIA-ELIGIBLE COSTS**

16 Decision ("D.")18-10-019 directed the Investor-Owned Utilities ("IOUs") to record
17 above-market costs of PCIA-eligible resources to the Portfolio Allocation Balancing Account
18 ("PABA"). The primary inputs included in the above-market cost calculations are 1) the
19 monthly resource costs, 2) net revenues received from the California Independent System
20 Operator ("CAISO") for the PCIA resource's energy and ancillary services sold to CAISO, net
21 of CAISO charges, and 3) the market value of the renewable energy credits ("RECs") and
22 resource adequacy ("RA") associated with the PCIA resources.

23 The monthly resource cost includes both contract costs and costs related to Utility-Owned
24 Generation ("UOG"). The UOG operation and maintenance ("O&M") and capital-related
25 expenses were approved for recovery through the Non-Fuel Generation Balancing Account

1 (“NGBA”) mechanism in the General Rate Case (“GRC”) decision D.19-09-051. Since above-
2 market costs are required to be recovered through the PCIA mechanism, the above-market UOG
3 costs are recovered in PABA, and the market value of the UOG costs is recovered through
4 NGBA.

5 The forecasted actual costs, generation volumes and the CAISO net revenues are
6 provided for each resource in the direct testimony of Stefan Covic. Each of the PCIA-eligible
7 resources is identified as belonging to a specific year, called the resource’s “vintage”, which
8 corresponds to the year in which the contract was executed. The costs, generation, CAISO net
9 revenues, and market value of attributes are assigned the vintage of the generating resource.

10 **III. PCIA BENCHMARKS**

11 Pursuant to D.19-10-001, Energy Division issues updated PCIA market price benchmarks
12 (“MPB”) in the beginning of November. This April filing of the 2022 ERRRA Forecast uses the
13 latest available benchmarks to calculate PCIA, shown in Table 1 below, that were received from
14 Energy Division on November 2, 2020. In November of 2021, Energy Division will issue new
15 benchmarks, and SDG&E will submit an updated 2022 ERRRA Forecast in its November Update
16 incorporating the new benchmarks, and Table 1 below will be updated accordingly.

17 **TABLE 1 – 2021 SDG&E FORECAST ADDERS**

18

Energy Index On-Peak	\$44.43 (\$/MWh)
Energy Index Off-Peak	\$34.34 (\$/MWh)
System RA	\$6.10 (\$/kW-month)
Local RA	\$5.59 (\$/kW-month)
Flexible RA	\$5.69 (\$/kW-month)
Renewable Portfolio Standard (“RPS”) adder – REC	\$14.49 (\$/MWh)

19

1 SDG&E uses the on-peak and off-peak energy indexes together with the on-peak and off-
2 peak load weighting factors to calculate the forecast weighted average price of the energy
3 component of the contract attributes. This price is then multiplied by the forecasted hourly
4 generation for each resource to calculate the expected market value of the PCIA resource
5 generation in 2021. This expected market value represents the amount of CAISO revenue that
6 SDG&E expects to receive for its PCIA resources, including contracted resources and UOG.
7 This amount is presented in Ms. Salcido’s testimony in Table 6 “PABA revenue requirement,”
8 labeled “Supply ISO Revenues.” The actual CAISO revenues will be recorded in PABA each
9 month when they are received by SDG&E, and the revenue will partially offset the costs of the
10 PCIA resources.

11 To calculate the forecast market value of the RA attributes of the resources, each resource
12 is assigned to one of the Local, Flex, or System RA categories, based on the RA category that the
13 resource most commonly serves, and if a resource serves more than one category, Local is
14 assigned first if applicable, then Flex, and then System. The most updated monthly net
15 qualifying capacity (“NQC”) listing is obtained from the CAISO website, and an average
16 monthly NQC value for each resource is calculated. The resource’s NQC value is then
17 multiplied by the assigned RA benchmark to calculate the forecasted market value of the RA for
18 2022, as shown in Attachment A of this testimony. The resulting forecast market value for
19 contract resources is then included in ERRA revenue requirement as an expense, as it represents
20 the value of the RA attributes which SDG&E retained to use for the RA compliance obligations
21 on behalf of its bundled customers. The market value associated with UOG resources is
22 excluded from ERRA and instead recovered in NGBA, because the UOG costs were previously

1 approved for recovery in D.19-09-051, which approved SDG&E’s 2019 GRC application (A.17-
2 10-007).

3 To calculate the forecast market value of the REC attributes of the resources, the
4 applicable REC benchmark is applied to the 2021 forecasted generation of each renewable
5 resource. The resulting forecast market value for contract resources is then included in the
6 ERRA revenue requirement as an expense, as it represents the value of the REC attributes which
7 SDG&E retained to use for the Renewable Portfolio Standard (“RPS”) compliance obligations
8 on behalf of its bundled customers. As with the RA value discussed above, the market value
9 associated with RECs from UOG generation is excluded from ERRA and recovered in NGBA.
10 The total of the REC and RA market values for contracts is included in Ms. Salcido’s testimony
11 in Table 1 labeled “ERRA Revenue Requirement,” on line 3 “non-CTC contract costs,” and also
12 mentioned in Ms. Fuhrer’s testimony as part of the “up-to-market” energy procurement costs
13 recovered in ERRA.

14 **IV. SALES OF REC AND RA ATTRIBUTES**

15 As Mr. Covic mentions in his testimony, the load forecast used in this filing was
16 developed internally by SDG&E, and it takes into consideration expected departing load in 2022.
17 Mr. Covic then develops a forecast of the supply volumes in SDG&E’s electric portfolio and
18 determines if there will be excess REC or RA attributes that are not needed to serve bundled
19 customers. For this April forecast filing, SDG&E has included an estimated REC sales forecast
20 at the market benchmark price that is not based on any current or future sales contract
21 agreements. In its November Update filing, SDG&E will include forecasted volumes associated
22 with any REC sales agreements that SDG&E subsequently enters into. Also included in this
23 forecast is an RA sales contract that has already begun. In the attachment to Mr. Covic’s

1 testimony, the forecasted REC and RA sales revenues are included in the contract costs total as
2 an offset to expense.

3 **V. GREEN TARIFF SHARED RENEWABLES (“GTSR”)**

4 A history of Senate Bill (“SB”) 43, which was intended to expand access to renewable
5 energy to ratepayers, is provided in Ms. Fuhrer’s testimony. As Mr. Covic describes in his
6 testimony, SDG&E provides its bundled customers with the option to purchase 100% renewable
7 energy through the GTSR program, branded as EcoChoice and EcoShare. The EcoChoice option
8 enables customers to purchase renewable energy from contracted solar resources that have been
9 dedicated to the program, which include Midway Solar and Wister Solar. The costs for these
10 resources are recovered in the Green Tariff Shared Renewable Balancing Account (“GTSRBA”),
11 and if the generation from these resources is not fully utilized by EcoChoice customers, the
12 remaining costs are recovered in ERRA.

13 If customers’ usage for the year surpasses the output from the dedicated resources, then
14 SDG&E uses generation from an established Interim Pool of solar resources to provide the
15 renewable energy. Normally the costs for these resource contracts are included in the PCIA
16 calculations and recovered through PABA, however, any volumes of Interim Pool energy that
17 are forecasted to be used for the GTSR program are removed from PABA and ultimately
18 excluded from the PCIA calculations. They are forecasted instead as energy costs in the
19 GTSRBA. The costs in the GTSRBA are fully recovered from SDG&E’s bundled customers
20 that have enrolled in the EcoChoice program. However, in 2022 EcoChoice customer usage is
21 forecasted to be lower than the total generation of the dedicated resources, and because of that, it
22 will not be necessary to recover any Interim Pool contract costs in GTSRBA.

23 As Ms. Fuhrer mentions in her testimony, GTSR customer rates include a PCIA
24 component for the above market cost of the Utility’s existing procurement portfolio. The GTSR

1 resources, however, are a subset of the total portfolio. Therefore, and pursuant to AB 43 and
2 D.15-01-051, GTSR customer rates must be adjusted for the difference between the relative
3 value of energy and capacity of the GTSR resources and the value of the resources in SDG&E's
4 total portfolio. SDG&E adjusts the weighted cost of GTSR power to reflect the time-of-use
5 ("TOU") allocation of the GTSR resources. The weighted cost of GTSR capacity is adjusted to
6 reflect the relative NQC value of the GTSR resources. The energy and capacity adjustments
7 together are \$0.00758/MWh, which will be an incremental adjustment to the PCIA portion of the
8 GTSR customer rate.

9 **VI. MONTHLY ACCOUNTING FOR REC AND RA MARKET VALUES, AND**
10 **ANNUAL TRUE-UP**

11 Accruals for the estimated REC and RA market values of PCIA eligible resources are
12 recorded monthly to PABA and ERRRA by SDG&E's Settlements & Systems group as part of the
13 monthly accounting close process. Pursuant to D.19-10-001, these amounts will be adjusted
14 when the updated 2021 benchmarks are received from Energy Division later this year. The
15 November Update filing of my testimony will include a true-up of the REC and RA market
16 values recorded during January-September 2021, to reflect the updated benchmarks. This true-
17 up will be included in the November Update of Attachment A (the forecasted PABA year-end
18 balance) in Ms. Salcido's testimony.

19 **VII. OTHER COSTS RECOVERED IN PABA**

20 As Mr. Covic describes in his testimony, this forecast of 2022 PABA revenue
21 requirements includes the natural gas fuel costs and associated GHG expenses for PCIA-eligible
22 conventional resources. These costs are included in the PCIA as part of the above-market cost
23 calculation of the gas-fired resources in their respective vintages.

1 **VIII. SUMMARY**

2 A summary of the total 2022 forecasted PCIA above market cost (without FF&U) is
3 shown in Table 2 below. The CAISO revenues, fuel, GHG costs, and total PABA revenue
4 requirement shown below are also referenced in Ms. Salcido’s testimony.

5 **Table 2 – 2022 PCIA Forecast Summary**

	PCIA Components	2022 Forecast (in millions)
1.	PCIA contract costs	██████████
2.	Less REC sales	██████████
3.	Less RA sales	██████████
4.	Less contract REC market value	██████████
5.	Less contract RA market value	██████████
6.	Less CAISO supply revenues	██████████
7.	Generation fuel	██████████
8.	Direct GHG costs	██████████
9.	= Total PABA revenue requirement	██████████
10.	UOG costs	██████████
11.	Less UOG RA market value	██████████
12.	= UOG items	██████████
13.	Sum of Contract above-market cost + UOG items = Total Indifference Amount	██████████

6
7 This concludes my prepared direct testimony.

8

1 **IX. QUALIFICATIONS**

2 My name is Sheri Miller. My business address is 8315 Century Park Court, San Diego,
3 CA 92123. I am employed by SDG&E as a Principal Settlement Advisor in the Settlements &
4 Systems group in the Energy Supply organization. My responsibilities include writing and
5 reviewing ERRA witness testimony and advising on regulatory and legislative matters that
6 impact SDG&E's energy and gas 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 Masters of Business
12 Administration from National University. I am also a Certified Public Accountant licensed in
13 the state of California.

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

ATTACHMENT A

DECLARATION OF SHERI MILLER

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

**DECLARATION
OF SHERI MILLER**

**A.21-04-XXX
Application of San Diego Gas & Electric Company (U 902-E)
for Approval of Its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-
Related Forecasts**

I, Sheri Miller, declare as follows:

1. I am a Principal Settlements Advisor for San Diego Gas & Electric Company (“SDG&E”). I included my Prepared Direct Testimony (“Testimony”) in support of SDG&E’s April 15, 2021 Application for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (“Application”). Additionally, as the Principal Settlements Advisor, I am thoroughly 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 personal knowledge.

2. I am providing this Declaration to demonstrate that the confidential information (“Protected Information”) in support of the referenced Application falls within the scope of data provided confidential treatment in the IOU Matrix (“Matrix”) attached to the Commission’s Decision (“D.”) 06-06-066 (the Phase I Confidentiality decision). Pursuant to the procedure adopted in D.08-04-023, I am addressing each of the following five features of Ordering Paragraph 2 of D.06-06-066:

- that the material constitutes a particular type of data listed in the Matrix;
- the category or categories in the Matrix the data correspond to;
- that SDG&E is complying with the limitations on confidentiality specified in the Matrix for that type of data;
- that the information is not already public; and

- that the data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure.

3. The Protected Information contained in my Testimony constitutes material, market sensitive, electric procurement-related information that is within the scope of Section 454.5(g) of the Public Utilities Code.¹ As such, the Protected Information is allowed confidential treatment in accordance with the Matrix, as follows:

Location of Protected Information	Matrix Reference	Reason for Confidentiality and Timing
Amounts highlighted in yellow in Table 2 of testimony named “2022 PCIA Forecast Summary”	II.B.1 II.B.4	Generation Cost Forecasts of Utility Retained Generation, confidential for three years Generation Cost Forecast of Non-QF Bilateral Contracts; confidential for three years
Cells highlighted in yellow in the spreadsheet named “2022 ERRA Workpaper April Filing Confidential.xlsx”, tabs: ‘Testimony Ref 1’ ‘Testimony Ref 2’ ‘PCIA Table’ ‘PCIA Pivot’ ‘Workpaper IOU TPS’ ‘IOU Total Portfolio summary’ ‘Indifference Amount Calc’ ‘2022 MPB – Solar Adjustment’	II.B.1 II.B.3 II.B.4 IV.A IV.B IV.F VI.A	Generation Cost Forecasts of Utility Retained Generation, confidential for three years Generation Cost Forecast of QF Contracts; confidential for three years Generation Cost Forecast of Non-QF Bilateral Contracts; confidential for three years Forecast of IOU Generation Resources; confidential for three years Forecast of Qualifying Facility Generation; confidential for three years Forecast of Post-1/1/2003 Bilateral Contracts; confidential for three years Utility Bundled Net Open Position for Capacity; confidential for the front three years

¹ In addition to the details addressed herein, SDG&E believes that the information being furnished in my Testimony is governed by Public Utilities Code Section 583 and General Order 66-D. Accordingly, SDG&E seeks confidential treatment of this data under those provisions, as applicable.

4. I am not aware of any instances where the Protected Information has been disclosed to the public. To my knowledge, no party, including SDG&E, has publicly revealed any of the Protected Information.

5. SDG&E will comply with the limitations on confidentiality specified in the Matrix for the Protected Information.

6. The Protected Information cannot be provided in a form that is aggregated, partially redacted, or summarized, masked or otherwise protected in a manner that would allow further disclosure of the data while still protecting confidential information.

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

Executed this 15th day of April, 2021, in San Diego, California.

A handwritten signature in black ink, appearing to read "Sheri Miller". The signature is written in a cursive style with a large initial "S".

Sheri Miller
Principal Settlements Advisor
San Diego Gas & Electric Company

ATTACHMENT B

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

I, James Magill, do declare as follows:

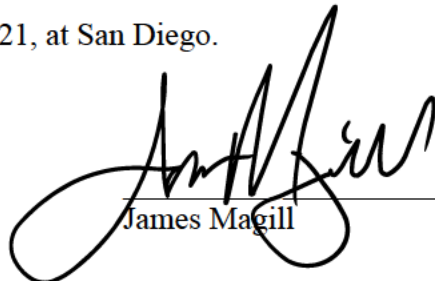
1. I am the Manager of the Settlements & Systems department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Miguel Romero, Vice President of Energy Supply. I have reviewed Sheri Miller’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts” (“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 15th day of April, 2021, at San Diego.



James Magill

ATTACHMENT A

SDG&E Request for Confidentiality on the following information in its Application for Approval of Its 2022 Electric Procurement Revenue Requirement Forecasts and GHG- Related Forecasts

Location of Protected Information	Legal Authority	Narrative Justification
Table 2, line 8: Direct GHG Costs	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g).	GHG emissions forecasts: Providing these forecasts to market participants would allow them to know SDG&E's forecasted GHG obligation, thereby compromising SDG&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&E's customers.