

Application No.: A.24-06-XXX

Exhibit No.: Ex. SDGE-5

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 3, 2024**

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

4 **I.       OVERVIEW AND PURPOSE**

5           This testimony presents San Diego Gas & Electric Company’s (“SDG&E”) accounting  
6 procedure used to record the greenhouse gas (“GHG”) Compliance Instrument costs that are  
7 described in the testimony of SDG&E witness Stephen Elliot and also includes the required GHG  
8 direct cost tables.

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

10          Decision (“D.”) 14-10-033 provided the approved method of calculating the GHG  
11 Compliance Instrument WAC. D.14-10-033 was later revised by D.14-10-055, D.15-01-024, D.19-  
12 04-016, and most recently by D.21-05-004. SDG&E calculates the gas and electric WAC monthly  
13 in accordance with the revised D.21-05-004 Attachment C. Attachment A of this testimony  
14 contains the completed Template C-1 (the electric WAC calculation workpapers) for January  
15 through December of 2023.

16          SDG&E values its purchased GHG compliance instruments on a monthly basis for the  
17 current compliance period, using the WAC in accordance with D.21-05-004. The electric GHG  
18 costs are then recorded in the appropriate balancing accounts based on actual GHG emissions  
19 volumes and the current WAC price. More specifically, the direct GHG costs associated with  
20 SDG&E’s conventional resources and contracts are calculated by multiplying the total monthly  
21 GHG emissions volumes created by those resources’ energy generation with the WAC for each  
22 month, which equals the direct GHG costs. These costs are recorded monthly as an expense in the  
23 appropriate authorized cost recovery balancing accounts, and also as a liability to the California Air  
24 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 ("FOF") 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 2023 GHG costs in the appropriate balancing accounts according  
13 to the modified methodology.

14 GHG direct compliance costs recorded in record year 2023 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 2025 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"). This decision was issued to comply with Senate Bill (SB) 695,  
24 which was signed in 2009 and required the net capacity costs of new generation resources needed

1 for system or local area reliability to be passed on to bundled service, direct access, and customer  
2 choice aggregation customers. The net capacity costs were defined in Public Utility Code section  
3 365.1 as being the cost of the resource less the value received for the energy and ancillary services.

4           Until July 2023, SDG&E used the methodology for calculating the contract costs, GHG,  
5 CAISO, and fuel costs to be balanced in LGBA that was presented in D.07-09-044 Appendix A,  
6 pages 22-23. This methodology was part of the “Joint Parties’ Proposal” that was filed with the  
7 Commission. It was intended to provide the costs that would be incurred using the principle of  
8 economic dispatch, which calculates modeled costs according to when the resource would  
9 theoretically have run. SDG&E discontinued this methodology beginning with July 2023 activity,  
10 at which point it began recording all costs and revenues, including GHG, in LGBA based upon  
11 actual costs and revenues instead of modeled.

12           SDG&E currently has contracts with three conventional resources that are approved for  
13 CAM recovery and had GHG expenses in 2023: Carlsbad Energy Center, Escondido Energy  
14 Center, and Pio Pico Energy Center. As described above, the amount of direct GHG costs recorded  
15 in LGBA for these resources prior to July 2023 was based on modeled costs. Any difference  
16 between the modeled costs and actual costs was recorded in ERRA. From July 2023 forward, the  
17 direct GHG costs for these resources were based on actual generation and the current WAC.

## 18 **V. CONCLUSION**

19           SDG&E’s recording of GHG expense in record year 2023 was consistent with the  
20 calculations and reporting prescribed in revised D.21-05-004, as demonstrated by the testimony and  
21 Attachments A, B, and C provided herein. Therefore, SDG&E requests that the Commission find  
22 SDG&E in compliance with the requirements of D.21-05-004.

23           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 2023 MONTHLY ELECTRIC WAC  
CALCULATION SPREADSHEET  
TEMPLATE C-1**

GHG Fixed CP4 [2021-2023] Electric Weighted Average Cost (WAC) Calculation per D.19-04-016

San Diego Gas & Electric Energy Procurement

CONFIDENTIAL GHG Data

ELECTRIC Portfolio: Year 2023 of the CP4 WAC Calculation

Month	Transaction/Activity Details						Inventory Emissions and \$		WAC Pricing (\$/MWh)	Direct GHG Costs		True-Up	Monthly BA Entry	True-Up due to P & P or Volume & All contracts			True-Up due to Revenue & Costs other than volume			True-Up due to Revenue & Costs other than volume			
Month	Transaction Date	Transaction Type	Quantity Purch/Sales (MWh)	Purchase \$ (\$/MWh)	Sales \$ (\$/MWh)	Total Cost (\$)	Total Sales (\$)	Inventory Balance (\$)	Total Qty in Inventory (MWh)	WAC (\$/MWh)	Direct Monthly Emission (MWh)	WAC x Direct Emissions Qty (\$)	True-Up Value - P (\$)	Monthly Balancing Account Entries (\$)	Prior Per of True-Up (MWh)	WAC x Prior Per of True-Up Qty (\$)	Cumulative Monthly Balancing Account Entries (\$)	Cumulative Emission of Prior Months (MWh)	(Current WAC-Prior Per of WAC) x Cumulative Emissions Prior Months (\$)	Volume/Revenue Surrender to ABB (MWh)	Cumulative Volume/Revenue Surrender to ABB (MWh)	(Current WAC-Prior Per of WAC) x Cumulative Surrender Qty (\$)	
Jan-23	1/1/2023																						
Jan-23																							
Jan-23																							
Jan-23																							
Jan-23																							
Jan-23	1/31/2023																						
Feb-23	2/1/2023																						
Feb-23																							
Feb-23																							
Feb-23																							
Feb-23																							
Feb-23	2/29/2023																						
Mar-23	3/1/2023																						
Mar-23																							
Mar-23																							
Mar-23																							
Mar-23																							
Mar-23	3/31/2023																						
Apr-23	4/1/2023																						
Apr-23																							
Apr-23																							
Apr-23																							
Apr-23																							
Apr-23	4/30/2023																						
May-23	5/1/2023																						
May-23																							
May-23																							
May-23																							
May-23																							
May-23	5/31/2023																						
Jun-23	6/1/2023																						
Jun-23																							
Jun-23																							
Jun-23																							
Jun-23																							
Jun-23	6/30/2023																						
Jul-23	7/1/2023																						
Jul-23																							
Jul-23																							
Jul-23																							
Jul-23																							
Jul-23	7/31/2023																						
Aug-23	8/1/2023																						
Aug-23																							
Aug-23																							
Aug-23																							
Aug-23																							
Aug-23	8/31/2023																						
Sep-23	9/1/2023																						
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Sep-23																							
Sep-23																							
Sep-23																							
Sep-23	9/30/2023																						
Oct-23	10/1/2023																						
Oct-23																							
Oct-23																							
Oct-23																							
Oct-23																							
Oct-23	10/31/2023																						
Nov-23	11/1/2023																						
Nov-23																							
Nov-23	11/15/2023																						
Nov-23																							
Nov-23																							
Nov-23																							
Nov-23	11/30/2023																						
Dec-23	12/1/2023																						
Dec-23																							
Dec-23																							
Dec-23																							
Dec-23																							
Dec-23	12/31/2023																						



**ATTACHMENT B**

**SDG&E's 2023 GHG COST RECOVERY  
TEMPLATE C-2**

**Confidential GHG data**

Template C-2 The GHG Balancing Account Table is provided in this 2023 ERRR 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 2023 (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				

\* The 2023 GHG expense in ERRR is the sum of the carrying cost of GHG inventory and adjustments for changes in LGBA expense methodology.

**ATTACHMENT C**

**SDG&E's 2023 & 2024 GHG COST  
TEMPLATE D-2**

Template D-2: Annual GHG Emissions and Associated Costs											
Line	Description	Year 2021		Year 2022		Year 2023 <sup>2</sup>		Year 2024		Year 2025	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Direct GHG Emissions (MTCO <sub>2e</sub> )										
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 (MTCO<sub>2e</sub>)</b>										
10	<b>Proxy GHG Price (\$/MT)</b>	17.12	23.15	28.86	29.48	29.02	34.06	38.26		43.21	
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>1</sup></b>										

CONFIDENTIAL INFORMATION

1 Also reflects adjustment for shift in regulatory accounting from cash to accrual  
 2 Recorded data is unavailable at this time

**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 Adam Pierce, Vice President of Energy Procurement & Rates. I have reviewed Sheri Miller’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application ... for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2023, (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 2023, and (iii) Costs Recorded in Related Regulatory Accounts in 2023” (“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 3rd day of June, 2024, at San Diego.

*/s/ Aaron Franz*

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Aaron Franz

# ATTACHMENT D

**SDG&E Request for Confidentiality  
on the following information in its Application for Approval of Its 2023  
(i) Contract Administration, Least Cost Dispatch and Power  
Procurement Activities in 2023, (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 2023, and (iii) Costs Recorded  
in Related Regulatory Accounts in 2023**

<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>