BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Expedited Application of San Diego Gas & Electric Company (U902E) Under the Power Charge Indifference Adjustment Account Trigger Mechanism.	Application 20-07-009 (Filed July 10, 2020)

COMMENTS OF CALIFORNIA ALLIANCE FOR COMMUNITY ENERGY

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I. INTRODUCTION

On July 10, 2020, San Diego Gas & Electric (SDG&E) filed the above-captioned application to change their Power Charge Indifference Adjustment (PCIA) collections in a manner that would impose undue and unnecessary financial penalties on customers of Solana Energy Alliance, the first and so far only community choice program in San Diego County.

This application is the first to arise following Decision (D.) 18-10-019, the controversial "Peterman Decision", which significantly altered the rules governing calculation of the PCIA. As the first such application, it is our expectation that arguments raised in this record will influence further adjustments to methodology for subsequent similar applications. As one of few organizations in the community choice ecosystem to represent primarily the customers and communities[1] served by community choice programs, the California Alliance for Community Energy ("the Alliance") was compelled to file a Protest to this Application on August 11.

II. BACKGROUND AND STATEMENT OF INTEREST

The Alliance is a statewide network of individuals and organizations engaged in public outreach, education and advocacy on behalf of Community Choice energy programs across the state. Our mission is to "... to support and defend Community Choice energy programs in California that advance local clean energy for the environmental, economic, and social justice

1 The trade association for community choice programs, California Community Choice Association (CalCCA) as well as the individual community choice programs themselves, represent the interests of the agencies, their boards of elected officials as well as their customers. Other organizations that represent customer interests represent bundled and unbundled customers largely without differentiation.

benefit of our communities." Through our multiple participation venues, the Alliance reaches roughly 1,000 individuals on a routine basis. Participation in our campaigns through affiliated and associated organizations may increase this number substantially. Our interest in this matter has two origins. First, we and others have long held as questionable the array of contracts and assets that constitute the basket of costs permitted in the PCIA. In the long record debating these matters the Commission has chosen to rule the matter closed rather than conduct the transparent and thorough "look back" to put these questions to rest. Notwithstanding that this matter is out of scope for the subject proceeding, the continuing distrust of the PCIA process that stems from this failure of transparency has sparked and underpins our actions in this proceeding.

The second interest, and the one from which we'll speak in the balance of this filing, arises from deep concern for the impact of the current PCIA mechanisms as ordered in D.18-10-019. We will examine the cap and trigger mechanisms through the comparative lens of the Commission's intentions, as stated in D.18-10-019, and the impact on the unbundled community choice customers in San Diego County, both present and prospective.

III. ALLIANCE ANSWERS TO COMMISSION QUESTIONS

1. Is there an undercollection of SDG&E's CAPBA and what is the amount of the undercollection?

The Alliance offers no opinion on this question.

2. Does the application meet the standards contained in D.18-10-019?

D.18-10-019 set forth several overarching standards, two of which showcase the reasons this application must be denied. In this Decision, the Commission adopted as guiding principles the intention that the PCIA desired methodology:

1. "Should have reasonably predictable outcomes that promote certainty and stability for all customers within a reasonable planning horizon"
2. "Should not create unreasonable obstacles for customers of non-IOU energy providers"[2]

It must be fully evident that a process that results in a *completely unexpected* bill increase of $187 per month (worst case) or even $30 per month (best case) flies in the face of the

2 D.18-10-019, P. 127, 128

"certainty and stability" principle. SDG&E's proposed PCIA rate changes and the resulting dramatic bill increases are manifestly the opposite of the D.18-10-019 intent to protect customers against PCIA volatility and promote "certainty and stability for all customers within a reasonable planning horizon".

Second, we submit that creation of an "unreasonable obstacle(s) for customers of non-IOU energy providers" is precisely the impact approval of this application would have. With approval under the terms and timing proposed, the very understandable reaction of Solana Energy Alliance customers would be to opt-out of unbundled service. What customer would remain in a relationship where even a single instance of such adverse and totally unpredictable cost increases occur? We further submit that the public association between community choice service and erratic, unpredictable electricity bills would spread quickly. In SDG&E's service territory, where launch of the state's second-largest community choice agency is due to commence in 2021, there could be few public perceptions that would create a more "unreasonable obstacle" to the growth of community choice than such an association.

A third and most critical standard lies in state law. We view the evidence of this first application of D.18-10-019's cap and trigger to reveal the interactive effects of these mechanisms, and see that they result in outcomes counter to state law. Together, these mechanisms enable an IOU to –with Commission consent-- circumvent and undermine the intent of both AB 117 (Migden, 2002) and of SB 790 (2011), the provisions of which require IOU neutrality toward community choice. The widespread public reaction to approval of this application as filed would brand service via community choice as violently unpredictable. This appears to us a *prima facie* example of less-than neutral behavior.

In summary, in our view the application does not meet the standards set forth in D.18-10-019. We discuss further under question 3 the multiple ways in which we consider the guidance of D.18-10-019 to be flawed.

3. Is SDG&E's request just, reasonable, and consistent with Commission decisions and rules?

Per above, we submit that consistency with the Commission's rules has resulted in an outcome that is sufficiently unreasonable to be unjust. D.18-10-019 ordered several adjustments to the previous calculation methodology, notably the cap and trigger. While SDG&E adhered to the "letter" of D.18-10-019, it is clear in this first application of that methodology that the mechanisms have been ill-designed. Especially when the cap and trigger are applied to the very small pool of Solana Energy Alliance customers, the result is a "perfect storm" of customer-

damaging impacts. These outcomes suggest multiple ways in which these mechanisms require improvement, if they are to be retained. We recommend that the following changes be ordered in both SDG&E's application and in the rules that gave rise to that application:

- Apply the rate cap separately to individual vintages, rather than cumulatively, as SDG&E has proposed;[3]
- Ensure that undercollection applies to all unbundled customers, including Direct Access and Green Tariff Shared Renewables programs as well;[4]
- Limit collection amounts to only those required to reach "below" the 7% target set in D.18-10-019;
- Require collection periods to minimize rate shock and bill impacts on the "paying" side of the collection equation;
- Undercollected amounts in the year prior to commencement of the IOU's ERRA case must be held for review and consolidation with other PCIA claims normally considered in that case.

In summary, in our opinion, this application is unreasonable and unjust, by virtue of its consistency with the Commission's rules per D.18-10-019, which were themselves incomplete.

4. Should the Commission authorize SDG&E to obtain $8.92 million in funding from Departing Load customers and refund this amount to bundled customers? Or should the Commission approve some other amount?

In the absence of the discovery sought by the CCA Parties and denied by the Commission[5], the Alliance has no view on the appropriateness of the $8.92 million requested by SDG&E. We do, however, feel strongly that the Commission should authorize collection and refund of only that amount needed to restore the CAPBA account to the level specified in D.18-10-019 - namely "below 7% and (to) maintain the balance below that level until January 1 of the following year"[6].

3 As proposed by CalCCA (A20-07-010 *Protest of CalCCA*, page 7) and the San Diego CCA Programs (A20-07-010 *Protest of San Diego CCA Programs*, page 7)

4 As also proposed by the San Diego CCA Programs (A20-07-010 *Protest of San Diego CCA Programs*, pages 9, 10)

5 A20-07-010 CPUC, *E-mail Ruling Denying Motion to Compel,* September 18, 2020.

6 D.18-10-019, Ordering Paragraph 10(d).

Authorizing an amount above that level would violate another of the Commission's guiding principles, namely that the PCIA methodology "Should only include legitimately unavoidable costs ..."[7]. In this case, while the legitimacy of the above-market costs in SDG&E's PCIA portfolio may be out of scope, the obligation to "take all reasonable steps" to minimize the damage done by their collection from the small number of Solana Energy Alliance customers is not.

5. Should the Commission approve SDG&E's three-month cost recovery proposal, its alternative cost recovery proposal, or some other proposal? Are there reasons the Commission cannot amortize the rate increase over a period of longer than three months?

The Commission should approve that schedule for recovery that imposes the least real-time burden on the unbundled customers of Solana Energy Alliance. To do otherwise is to create –unfairly – a perceptual barrier to further development of community choice programs, the result of dramatically erratic and unpredictable rate- and thereby bill increases. Customers, both present and prospective, will understandably conclude that service from a community choice aggregator subjects one to a high risk of grossly unpredictable electricity bills – yet none of the steps precipitating this outcome can actually be attributed to Solana Energy Alliance.

Rather, in the interest of simple customer fairness if not adherence to its own guiding principles, the Commission should order a recovery schedule that amortizes the final recovery amount over the maximum number of months possible. The schedule of events in this proceeding has already reduced the ideal 15-month recovery period (October 1 2020 through December 31 2021) to twelve months (January 1 – December 31, 2021). In our view, twelve months is the minimum period over which these collections should occur.

The Alliance is not aware of any rules or reasons that would impede the Commission's designation of a 12-month recovery period. If, however, such rules exist, in our opinion, SDG&E's request should be consolidated with the pending SDG&E ERRA forecast proceeding, within which SDG&E's 2021 PCIA rates would already be a focus of discussion.

7 D.18-10-019, P. 129

IV. CONCLUSION

For the reasons set out above, the Alliance respectfully requests that the Commission deny the Application as filed. We further request that the Commission clarify in its ruling the points made under question 3 above. We appreciate the opportunity to provide these comments.

Respectfully submitted,

/S/_____

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