

## San Diego Community Power Regulatory Update

February 27, 2020

### **PCIA Working Group 3 – [R.17-06-026](#)**

Task: Portfolio optimization.

Chairs: Southern California Edison (SCE), California Community Choice Association (CalCCA), and Commercial Energy (CE)

#### **Scope of WG 3 issues:**

1. Rules and processes to address excess resources in utility portfolios.
2. Active management of utility portfolios to address future departing load.
3. Transition process.
4. Shareholder responsibility for future portfolio mismanagement.

#### **WG 3 Workshop #3 [Presentation](#)**

SCE –

- SCE loosely supports allocation of contracts but wants to act as the broker between generator and purchaser.
- SCE does not support assignment of contracts at cost or face value.
- SCE does not support shareholder responsibility or CPUC penalties for portfolio mismanagement.

CalCCA –

- Update long term allocation methodology.
- Use of solicitations to generators that include contract assignments, allocations, and buyouts.
- Immediate implementation of cost reduction measures following CPUC approval.
- Vigorous participation in ERRA and increased IOU reporting.

#### **Schedule**

- February 21 – Final Report on WG 3 consensus and non-consensus issues.
- March 13 – Opening comments on WG 3 final report.

- March 27 – Reply comments on WG 3 final report.
- April 3 – Motions for evidentiary hearings on WG 3 issues.
- Q 3 2020 – Proposed decision WG 3 issues.

### **SDG&E ERRA – [A.19-04-010](#)**

Energy Resource Recovery Account (ERRA) is a balancing account where the utilities record and track energy procurement costs (fuel and purchased power). ERRA tracks the difference between the utilities' authorized revenue recovered in customer rates and the actual cost of power. ERRA is an annual proceeding that consist of a forecast for the coming year (filed in April), and a true up of the past year (filed in June).

#### **Decision D.20-01-005** (January 27, 2020)

- Commission granted SDG&E recovery of \$254 million under-collected balance accrued in Portfolio Allocation Balancing Account (PABA).

PCIA rates are calculated in the ERRA proceeding.

- [Schedule CCA-CRS](#), effective February 1, 2020.
- PCIA rates for all vintages increased from 2019 to 2020.
- SDG&E historic [PCIA rate table](#) by vintage.

### **SDG&E Rate Design [A.17-12-013](#)**

**Fixed Charges** – SDG&E proposed a **\$10 fixed charge**, the statutory maximum, for all residential customers unless they qualify for California Alternate Rates for Energy (CARE), and subject to annual increases based on the Consumer Price Index.

- Fixed costs incurred by the utility (metering, customer service, and other related costs).

**Minimum Bill** – SDG&E also proposed to increase its minimum bill from \$0.338 per day to **\$1.28 per day (\$38.40 per bill based on a 30-day billing cycle)**.

- Minimum cost that SDG&E incurs to serve a residential customer on a monthly basis (customer costs, grid reliability costs, transmission costs, public policy program costs, and other costs that do not vary by usage).

SDG&E also wanted to offer an option for high-use customers to opt-up to a **\$79.94** minimum bill coupled with lower volumetric rates for energy.

- High use customers could pay more up front each month, but their rates charged for the three different TOU periods would be lower than the default TOU rates.

### **Impacts to Rate Payers**

- Customers who consumed the least amount of energy, such as customers with a net surplus of rooftop solar coupled with battery storage, would see their bills increase up to 250% or more.
- A household that consumed between 300kWh to 800kWh might see their bills decrease by 1% - 6%.
- The projected net rate increase across all customers was 30.28%.
- Individual results vary tremendously depending on how particular customers are situated.
  - SDG&E [corrected population level bill impacts](#) (May 31, 2019 )
  - SDG&E [testimony](#) regarding the impacts on customers of its proposed rate design on (March 29, 2019).
  - SDG&E [charts](#) comparing the proposed rate options.

**Proposed Decision** (February 5, 2020) rejecting SDG&E's fixed charge and minimum bill rate design.

- Lack of compliance with previous Commission Decision that established volumetric rates as a key principle of rate making.
- Lack of clarity in SDG&E's accounting and rationale for the increase.
- Inconsistency with the other utilities, whose minimum bills are around \$10.
- Widespread party opposition.
- Adverse customer impacts.
- PD sets SDG&E's minimum bill at **\$10.14 per month** with no fixed charges.
- Earliest Commission vote is **March 12**.

### **Direct Access Expansion – R.19-03-009**

- Phase 1 – [Senate Bill 237](#) mandate increasing the maximum allowable limit for direct access transactions by **4,000 Gigawatt hours** among utility territories.
- Phase 2 – Energy Division study regarding direct access expansion to inform the Legislature.

## **Schedule**

- March 9 – Energy Division study published.
- March 30 – Comments on the study.
- April 9 – Reply comments.
- May 22 – Proposed Decision. Vote no sooner than 30 days after PD.