

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

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902-E) for Approval of its 2023
Electric Procurement Revenue Requirement
Forecasts, 2023 Electric Sales Forecast, and GHG-
Related Forecasts

Application 22-05-025
(Filed May 31, 2022)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902-E)
OCTOBER UPDATE TO APPLICATION**

REDACTED – PUBLIC VERSION

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October 12, 2022

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I. INTRODUCTION

On May 31, 2022, San Diego Gas & Electric Company (“SDG&E”) submitted its Application for Approval of its 2023 Electric Procurement Revenue Requirement Forecasts, 2023 Electric Sales Forecast, and GHG-Related Forecasts (“Application”). In the fall of each year, SDG&E updates certain information in the testimony supporting its forecast application using data that was not available at the time it submitted its application (*i.e.*, the “October Update”). Consistent with that practice, and per Administrative Law Judge Elaine Lau’s August 11, 2022 *Email Ruling Amending Proceeding Schedule*, SDG&E hereby submits its October Update, which consists of updated information sponsored by several SDG&E witnesses.

II. BACKGROUND

In the Application, SDG&E requested approval of its 2023 forecast of (1) the Energy Resource Recovery Account (“ERRA”) revenue requirement, which includes greenhouse gas (“GHG”) costs; (2) the Portfolio Allocation Balancing Account (“PABA”) revenue requirement; (3) the Competition Transition Charge (“CTC”) revenue requirement tracked in the Transition Cost Balancing Account (“TCBA”);¹ (4) the Local Generation (“LG”) revenue requirement

¹ The purpose of the TCBA is to accrue all the CTC revenues and recover all CTC-eligible generation-related costs.

tracked in the Local Generating Balancing Account (“LGBA”);² (5) the San Onofre Nuclear Generating Station (“SONGS”) Unit 1 Offsite Spent Fuel Storage Cost revenue requirement tracked in SDG&E’s Nuclear Decommissioning Adjustment Mechanism (“NDAM”) account; (6) the Tree Mortality Non-Bypassable Charge (“TMNBC”) revenue requirement; and (7) the GHG allowance revenues and return allocations. By its Application, SDG&E also requested Commission approval of its 2023 electric sales forecast as directed by D.22-03-003. SDG&E also requests authorization to recover the 2020 undercollected balance recorded to the LGBA. SDG&E also seeks authorization to address the projected 2022 ERRA year-end balance. Additionally, SDG&E requested approval for its proposed 2023 (1) GHG Allowance Return rates; (2) vintage Power Charge Indifference Adjustment (“PCIA”) rates; and (3) rate components for the Green Tariff Shared Renewables (“GTSR”) Program. SDG&E’s Application was supported by the testimony of seven witnesses.

The October Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (“MPB”) and the PCIA benchmarks. This information is provided to SDG&E by the Commission’s Energy Division, which compiles and provides updated input assumptions to the investor-owned utilities (“IOUs”) so that the MPB can be calculated. These assumptions typically do not become available until early fall, as they include forward price curves for all the trading days in September.³

² The purpose of the LGBA is to record revenues and costs of generation and other energy sources where the Commission has determined that the resource is subject to the Cost Allocation Mechanism (“CAM”).

³ D.22-01-023, Ordering Paragraph (“OP 1”) changed the release of the Market Price Benchmarks from November 1st to October 1st of each year to allow for the update process to take place in October instead of November.

Other updates to the ERRA testimony are warranted since approximately five months have passed since the filing of the May Application, and various input assumptions have changed, especially with respect to gas and electric forward prices, which have seen an increase. Based on a September 16, 2022 trade date, SDG&E is forecasting higher gas prices and higher power prices in 2023 compared to those used to develop the initial May Application. In addition, SDG&E experienced changes to its portfolio due to the inclusion of new resources related to procurement that occurred after the May Application (e.g., Emergency Reliability). These updates resulted in changes to forecasted ERRA, PABA, CAPBA, PCIA, CTC and LG expenses and GHG quantities and expenses.

SDG&E has also made several additional updates based on Commission decisions that require certain updates be included in the October Update and/or other relevant information that has become available since the submission of the Application. For example, on August 25 2022, the Commission issued a Ruling immediately suspending SDG&E's EcoChoice Green Tariff ("GT") program.⁴ This order suspended the EcoChoice option to new participants and directed SDG&E to quickly disenroll customers from the EcoChoice program. Because there will be no EcoChoice participation after August 2022, no contract costs or Interim Pool costs were recorded in Green Tariff Shared Renewable Balancing Account ("GTSRBA") after that time. In addition, in light of this this ruling, SDG&E's previous request to maintain its 2022 EcoChoice GT rates in 2023 is now moot. However, SDG&E still seeks approval to maintain 2022 Enhanced Community Renewable ("ECR") rates in 2023 as set forth in testimony.

⁴ A.22-05-022 *et al.*, August 25, 2022, Administrative Law Judge's Ruling Granting Request for Green Tariff Suspension, OP 1.

Also, pursuant to D.21-05-030 and D.22-01-004, SDG&E is in the process of implementing the Renewables Portfolio Standard (“RPS”) voluntary allocation process for 2023 delivery. SDG&E submitted its pro forma allocation contracts for approval on February 28, 2022 and received approval on June 23, 2022. At the time of this October Update filing, SDG&E has finalized and signed RPS voluntary allocation contracts with the eligible Load Serving Entities (“LSE”) in its territory that accepted RPS allocations for 2023. These allocation credits are reflected in the 2023 revenue requirement for PABA in this filing.

In addition, D.22-05-015 approved a modified cost allocation mechanism for resources to be procured in compliance with D.19-11-016 and ordered SDG&E to file an Advice Letter (“AL”) for authority to implement a new balancing account for Modified Cost Allocation Mechanism (“MCAM”) costs. SDG&E filed its implementation AL 4043-E on July 18, 2022 and is awaiting approval. Because the new MCAM balancing account is not yet approved, in this forecast update filing SDG&E is not showing any 2023 forecasted costs in MCAMBA. All costs related to the resources procured for D.19-11-016 are shown in this 2023 forecast update filing in the Resource Adequacy Procurement Memorandum Account (“RAPMA”) and are not included in the PCIA calculations that are described in testimony. All 2022 costs for the D.19-11-016 resources have been recorded in RAPMA, and will be resolved in compliance with D.22-05-015 and AL 4043-E upon approval of the AL.

III. SUMMARY OF UPDATES TO THE APPLICATION

In its Application, SDG&E sought approval of a total 2023 forecasted revenue requirement of \$537.131 million. In this October Update, SDG&E seeks approval of its *updated* total 2023 forecasted revenue requirement of \$783.821 million, which is comprised of several

forecasts of specific items.⁵ Table 1 below reflects SDG&E’s proposed changes to the forecasts set forth in the Application:

TABLE 1
2023 ERRA, PABA, CTC, LG, SONGS and GHG Revenue Requirements
(Includes FF&U) (\$000)

Line	Description	Application	October Update
1	ERRA	\$433,755	\$545,009
2	PABA	\$15,445	\$98,951
3	CTC	\$11,232	\$10,765
4	LG	\$175,361	\$189,826
5	SONGS Unit 1 Spent Fuel	\$1,188	\$1,342
6	TMNBC ⁶	Confidential – See Testimony of Kristina Ghianni	Confidential – See Testimony of Kristina Ghianni
7	PABA Year-End Balance	\$73,209	\$89,728
8	2022 ERRA Year-End Balance	\$(2,003)	\$30,773
9	2018 LGBA Balance	\$0	\$0
10	2019 LGBA Balance	\$0	\$0
11	2020 LGBA Balance	\$400	\$400
12	2021 CAPBA Disposition	\$0	\$0
13	2021 ERRA Trigger	\$0	\$0
14	Subtotal	\$708,587	\$966,794
GHG Allowance Revenues Eligible for Return to Customers			
15	Small Business & Residential CCC	\$(171,067)	\$(182,459)
16	EITE	\$(389)	\$(514)
17	Subtotal	\$(171,456)	\$(182,973)

⁵ This forecasted revenue requirement includes Franchise Fees and Uncollectibles (“FF&U”).

⁶ SDG&E is also requesting approval of its 2023 TMNBC revenue requirement, which is set forth in the Updated Testimony of Kristina Ghianni and confidentiality declaration attached thereto. SDG&E omitted the 2023 TMNBC revenue requirement figures from the text of this October Update due to confidentiality concerns. As explained below and in the Updated Testimony of Ms. Ghianni, since the revenue requirement associated with the TMNBC will be collected via the Public Purpose Program (“PPP”) charge, it is not included in this total.

Line	Description	Application	October Update
18	Total ⁷	\$537,131	\$783,821

Based on this October Update, SDG&E projects a combined total decrease in revenue requirement of \$78.364 million compared to the currently effective rates. In total, these changes when implemented with the 2023 sales forecast, would increase the current system average rate by 5.969 cents per kilowatt hour, or 19.56%. Based on these numbers, SDG&E projects that a typical bundled non-CARE residential customer using 400 kilowatt hours could see a monthly bill increase of 15.12%, or \$22.58. Based on these numbers, SDG&E projects that a typical bundled CARE residential customer using 400 kilowatt hours could see a monthly bill increase of 15.83%, or \$14.67.

IV. SUPPORTING TESTIMONY

This October Update includes the testimony of five SDG&E witnesses.⁸ Each witness has prepared a markup (served concurrently herewith) of their original direct testimony, in which updates are reflected in a redline format. Those witnesses (and summaries of the updates they performed) are as follows:

A. Mr. Matt O’Connell

Mr. O’Connell updates SDG&E’s 2023 forecast of the procurement costs that it expects to record to the ERRA, TCBA, PABA and LGBA, as well as procurement costs related to renewable energy contracts. In addition, Mr. O’Connell provides an update to the forecast of the SONGS Unit 1 Offsite Spent Fuel Storage Costs. Mr. O’Connell also updates SDG&E’s forecast of 2023 total GHG costs – both direct and indirect – incurred in connection with

⁷ Sums may not equal due to rounding. Sums do not include the TMNBC revenue requirement.

⁸ The direct prepared testimonies of Kenneth Shiermeyer and Daniel Skopec were not updated.

SDG&E's compliance with California's cap-and-trade program, which Ms. Ghianni uses in her 2023 forecast of the ERRA revenue requirement. Additionally, Mr. O'Connell provides an updated forecast of GHG allowance revenues, and the amount of revenue available for energy efficiency and clean energy investments in 2023. Mr. O'Connell also provides an updated forecast of Tree Mortality Non-Bypassable Charge Balancing Account ("TMNBC") costs. Lastly, Mr. O'Connell's updated testimony supports Ms. Morien's development of the GHG allowance revenue return allocation and the volumetric revenue return for small business and residential customers, and the PCIA.

B. Ms. Kristina Ghianni

Based on updated forecasts provided by Mr. O'Connell, Ms. Ghianni updates SDG&E's 2023 forecast of (1) the ERRA revenue requirement, which includes GHG costs; (2) the CTC revenue requirement; (3) the LG revenue requirement; (4) TMNBC revenue requirement; and (5) PABA revenue requirement and the projected PABA year-end balance. Ms. Ghianni also compares SDG&E's 2021 year-end balances with the actual 2021 year-end balances in the GHG allowance revenues and expenses balancing accounts, as well as reconciliation of the 2022 GHG Allowance Revenue & Expenses. Lastly, Ms. Ghianni's testimony requests authorization of the revenue requirement of the SONGS Unit 1 Offsite Spent Fuel Storage costs.

C. Ms. Gwendolyn Morien

Based on the updated revenue requirements provided by Ms. Ghianni, Ms. Morien updates the rate impacts associated with the ERRA, PABA, CTC, LG, SONGS revenue requirements as well as the GHG allowance revenue return and sum of the activity in the LGBA. Based on 2023 Energy Division input factors that recently became available, Ms. Morien updates the CTC and PCIA rates. Ms. Morien also updates the allowance revenue return based on

updated information provided by Mr. O’Connell. Ms. Morien also updates the 2023 rate components associated with the Enhanced Community Renewables (“ECR”) programs.

D. Mr. Scott Lewis

Mr. Scott Lewis’s testimony updates revenues and costs for GHG compliance instruments to satisfy SDG&E’s 2021-2022 compliance obligations under the cap-and-trade program. Mr. Lewis’ testimony also includes SDG&E’s 2021-2022 revenues related to the sale of its allowance allocation.

E. Ms. Sheri Miller

Ms. Sheri Miller’s testimony updates the forecasted Power Charge Indifference Adjustment (“PCIA”) costs to include the updated PCIA market price benchmarks issued by Energy Division in the beginning of October.

V. CONFIDENTIALITY

Along with its original Prepared Direct Testimony, SDG&E submitted declarations attesting to the confidentiality of data presented therein. SDG&E requested that the confidential information in its Prepared Direct Testimony be kept confidential pursuant to Public Utilities Code §§ 583, 454.5(g), D.06-06-066, D.08-04-023, and D.14-10-033, as identified in SDG&E’s confidentiality matrix. This October Update contains confidential information that is identified in SDG&E’s confidentiality matrix and covered by declarations, which are being submitted with the respective Updated Prepared Direct Testimony. SDG&E requests that the same confidential treatment requested with the original filing apply to the information marked confidential in this October Update.

VI. CONCLUSION

SDG&E respectfully requests that the Commission approve the forecasts and proposals in its Application, subject to the updates contained in this October Update.

Respectfully submitted,

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October 12, 2022

UPDATED ATTACHMENT G

GHG REVENUE AND RECONCILIATION APPLICATION FORM
(Attachment D of Decisions D.14-10-033 and D.15-01-024 as modified by AL 4587-E-C)

GHG Revenue and Reconciliation Application Form

Notes:

Utilities should complete the GHG Revenue and Reconciliation Application Form in accordance with the procedures described in Attachment D of Decision 14-10-033, as amended by advice letters listed below.

Yellow shading indicates confidential information. However, additional information may be confidential based on a utility's particular circumstances.

Advice Letter 4587-E-A/B/C

(Southern California Edison Company ID U 338 E)

Advice Letter 6326-E-A/B/C

(Pacific Gas and Electric Company ID U 39 E)

Advice Letter 3845-E-A/B/C

(San Diego Gas & Electric Company ID U 902 E)

Advice Letter 177-E-A/B/C

(Liberty Utilities (CalPeco Electric) LLC ID U 933 E)

Advice Letter 425-E-A/B/C

(Bear Valley Electric Service Company ID U 913 E)

Advice Letter 660-E-A/B/C

(PacifiCorp U 901 E)

Template D-1: Annual Allowance Revenue Receipts and Customer Returns

Line	Description	Year 2021		Year 2022		Year 2023	
		Forecast	Recorded	Forecast	Recorded ¹	Forecast	Recorded
1	Proxy GHG Price (\$/MT)	17.12	23.15	28.86	28.86	29.02	N/A
2	Allocated Allowances (MT)	6,766,147	6,732,862	6,737,256	6,651,508	6,586,708	-
3	Revenues (\$)	3,172,937					
4	Prior Balance		7,376,791	(15,086,698)	(19,307,155)	(5,079,634)	-
5	Allowance Revenue	(115,836,437)	(161,825,842)	(194,403,522)	(192,652,668)	(191,139,679)	-
6	Interest	2,372	13,371	(16,300)	(335,008)	(740,443)	-
7	Franchise Fees and Uncollectibles	(1,189,180)	(1,176,522)	(2,112,270)	(1,946,368)	(2,111,339)	-
8	Subtotal Revenues	(113,850,308)	(155,612,202)	(211,618,790)	(214,241,199)	(199,071,095)	-
9	Expenses (\$)						
10	Outreach and Administrative Expenses (from Template D3) ²	45,133	104,957	59,799	-	27,778	-
11	Franchise Fees and Uncollectibles	-	-	-	-	-	-
12	Interest	-	(25)	-	-	-	-
13	Subtotal Expenses	45,133	104,932	59,799	-	27,778	-
14	Total Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs (\$) (Sum of Lines 14a through 14g)	17,773,708	38,035,035	20,261,326	16,070,037	16,070,037	-
14a	SOMAH (Current Year's Request) ³	11,583,644	31,023,996	19,440,352	12,020,000	12,020,000	-
14b	SOMAH True-up (July - Dec 2020) ⁴	5,820,202	5,820,202	-	-	-	-
14c	Prior Year SOMAH True-up (Jan - June 2020) ⁵	(760,623)	(760,623)	-	-	-	-
14d	Prior Year SOMAH True-up (Oct - Dec) ^{6,7}	100,486	(108,540)	(209,026)	2,960,037	2,960,037	-
14e	DAC SASH	1,030,000	2,060,000	1,030,000	1,090,000	1,090,000	-
14f	DAC-GT	-	-	-	-	-	-
14g	CS-GT	-	-	-	-	-	-
15	Net GHG Revenues Available for Customers in Forecast Year (\$) (Line 8 + Line 13 + Line 14)	(96,031,467)	(117,472,235)	(191,297,664)	(198,171,162)	(182,973,280)	-
16	GHG Revenue Returned to Eligible EITE Customers and Small Business Volumetric Customers(\$)						
17	EITE Customer Return	838,557	389,294	389,295	514,470	514,470	-
18	Small Business Volumetric Return ⁸	1,656,571	2,922,616	-	-	-	-
19	Semi-Annual Climate Credit						
20	Number of Eligible Residential Bundled Household ⁹	1,351,533	1,319,172	1,307,609	1,307,609	668,860	-
21	Number of Eligible Residential Unbundled Household ⁹	-	51,539	54,259	54,259	702,461	-
22	Number of Eligible Small Business Customers	-	-	125,715	125,715	131,966	-
23	Total Customers Eligible for Climate Credit	1,351,533	1,370,711	1,487,583	1,487,583	1,503,287	-
24	Per-Customer Semi-Annual Climate Credit (-0.5 x (Line 15 + 17 + 18) + Line 23)	34.60	34.60	64.17	65.51	60.69	-
25	Total Revenue Distributed for the Climate Credit (\$) (2 x Line 23 x Line 24)	93,536,339	94,853,170	190,908,370	192,577,058	182,458,810	-
26	Revenue Balance (\$) (Line 15 + Line 17 + Line 18 + Line 25)	N/A	(19,307,155)	N/A	(5,079,634)	N/A	-

CONFIDENTIAL INFORMATION

¹ Recorded data is equal to Forecast for GHG Revenues and Expenses and will be updated with the October Update Filing.

² Forecasted Outreach & Administrative Expenses are the forecasted expenses (from Template D-3) adjusted for any forecasted prior year's under/over-collection in the GHGCOEMA and GHGACMA.

³ Per D. 22-09-009, the joint Petition for Modification to modify the SOMAH funding guidelines, SDG&E's proportionate share of the \$100,000,000 set aside is \$12,020,000 (12.02%). The Year 2021 recorded SOMAH set aside of \$31,023,996 consists of the 2021 estimated set aside of \$11,583,644 and the 2022 estimated set aside of \$19,440,352.

⁴ In 2021, the true-up includes actual GHG allowance auction revenues for July-September 2020 and a forecast for October through December 2020.

⁵ In 2021, SOMAH true-up for PY 2020 is based on actual GHG allowance auction revenues for Jan through June 2020.

⁶ October through December prior year SOMAH True-up is two years in arrears due to the timing of actual GHG auction revenues.

⁷ AL 3960-E is effective March 1, 2022. The proportions in the AL were determined in coordination with the other IOUs. Their corresponding AL numbers are: 4735-E for SCE, 6518-E for PG&E, 189-E for Liberty, and 679-E for PacifiCorp. Due to an error in their recorded 2021 GHG proceeds, PacifiCorp filed AL 679-E-A, which corrects the proportions for all IOUs. PacifiCorp's AL is not yet approved. SDG&E intends to update its 2021 SOMAH true-up set aside in the Fall Update.

⁸ Small Business Volumetric Returns were distributed in 2021.

⁹ SDG&E did not present forecasted bundled vs. unbundled residential customers in 2021; therefore, the forecasted number of residential customers presented in 2021 is inclusive of bundled and unbundled customers.

Template D-2: Annual GHG Emissions and Associated Costs

Line	Description	Year 2021		Year 2022 ¹		Year 2023	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Direct GHG Emissions (MTCO2e)						
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 (MTCO2e)						
10	Proxy GHG Price (\$/MT)						
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 (\$)²						

CONFIDENTIAL INFORMATION

¹Recorded data is equal to forecast and will be updated with the November Update Filing.

²Also reflects adjustment for shift in regulatory accounting from cash to accrual

Template D-3: Detail of Outreach and Administrative Expenses

Line Description	2021		2022		2023	
	Forecast	Recorded	Forecast	Recorded ¹	Forecast	Recorded
1 Utility Outreach Expenses (\$)						
2a SMB Communications	-		23,000	13,295	23,000	-
2b Other (Consultant)		(45,263)				
3 Subtotal Outreach	-	(45,263)	23,000	13,295	23,000	-
4 Utility Administrative Expenses (\$)						
5 Marketing - SDG&E (email, bill insert)	59,000	84,676	59,000	12,893	58,000	-
6 Subtotal Administrative	59,000	84,676	59,000	12,893	58,000	-
7 Utility Outreach and Administrative Expenses (\$) (Line 3 + Line 6)	59,000	39,413	82,000	26,188	81,000	-
8 Additional (Non-Utility) Statewide Outreach (\$)	-	-	-	-	-	-
9 Total Outreach and Administrative Expenses (\$) (Line 7 + Line 8)	59,000	39,413	82,000	26,188	81,000	-

1 Recorded data reflects actual data for January 2022 to August 2022 and updated forecasted data for September 2022 to December 2022