

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

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2021, and (iii) Costs Recorded in Related Regulatory Accounts in 2021.

Application 22-06-_____
(Filed June 1, 2022)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E)
FOR APPROVAL OF ERRR COMPLIANCE FOR RECORD PERIOD 2021**

Roger A. Cerda
Senior Regulatory Counsel
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, California 92123
Telephone: (858) 654-1781
Facsimile: (619) 699-5027
Email: rcerda@sdge.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

June 1, 2022

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	BACKGROUND.....	2
	A. SCOPE OF ERRA COMPLIANCE REVIEW	2
	B. ERRA	6
	C. PABA	6
	D. CAPBA	7
	E. TCBA	8
	F. LGBA.....	8
	G. NERBA	9
	H. IEMA.....	10
	I. LCMA	11
	J. GTME&OMA	11
	K. GTSRACMA.....	12
	L. ECRME&OMA.....	12
	M. GTSRBA	12
	N. TMNBCBA	13
	O. DACSASHBA, DACGTBA, AND CSGTBA.....	14
	1. DACSASHBA.....	14
	2. DACGTBA	15
	3. CSGTBA.....	15
	P. PUBLIC SAFETY POWER SHUTOFFS	15
III.	SUMMARY OF PREPARED DIRECT TESTIMONY	18
IV.	REQUESTED RELIEF AND ISSUES TO BE CONSIDERED	19
V.	STATUTORY AND PROCEDURAL REQUIREMENTS.....	20
	A. Rule 2.1(a) – (c)	20
	1. Rule 2.1(a) - Legal Name.....	21
	2. Rule 2.1(b) - Correspondence	21
	3. Rule 2.1(c).....	21
	a. Proposed Category of Proceeding.....	21
	b. Need for Hearings.....	21
	c. Issues to be Considered.....	22

d. Proposed Schedule24

B. Rule 2.2 – Articles of Incorporation.....24

VI. CONFIDENTIAL INFORMATION..... 25

VII. SERVICE 25

VIII. CONCLUSION 25

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

Application of San Diego Gas & Electric Company (U 902-E) for Approval of: (i) Contract Administration, Least-Cost Dispatch and Power Procurement Activities in 2021, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Power Charge Indifference Adjustment Undercollection Balancing Account, Transition Cost Balancing Account Transition Cost Balancing Account, and Local Generating Balancing Account in 2021, and (iii) Costs Recorded in Related Regulatory Accounts in 2021.

Application 22-06-_____
(Filed June 1, 2022)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR
APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2021**

I. INTRODUCTION

In compliance with California Public Utilities Code Section 454.5, relevant Decisions (“D.”) of the California Public Utilities Commission (“Commission” or “CPUC”), including, but not limited to, D.02-10-062, D.02-12-074, D.05-01-054, and D.05-04-036, and the Commission’s Rules of Practice and Procedure, San Diego Gas & Electric Company (“SDG&E”) hereby submits its Application for review and approval of: (i) contract administration, least-cost dispatch and power procurement activities in 2021, (ii) costs related to those activities recorded to the Energy Resource Recovery Account (“ERRA”), Portfolio Allocation Balancing Account (“PABA”), Power Charge Indifference Adjustment (“PCIA”) Undercollection Balancing Account (“CAPBA”), Transition Cost Balancing Account (“TCBA”), and Local Generating Balancing Account (“LGBA”) in 2021, and (iii) costs recorded in related regulatory accounts in 2021, including New Environmental Regulatory Balancing Account (“NERBA”); Independent Evaluator Memorandum Account (“IEMA”); the Litigation Cost Memorandum Account (“LCMA”); the Green Tariff Marketing Education & Outreach Memorandum Account (“GTME&OMA”); the Green Tariff Shared Renewables Administrative Cost Memorandum Account (“GTSRACMA”); the Enhanced

Community Renewable ME&O Memorandum Account (“ECRME&OMA”); the Green Tariff Shared Renewable Balancing Account (“GTSRBA”); the Tree Mortality Non-Bypassable Charge Balancing Account (“TMNBCBA”); the Disadvantaged Communities – Single Family Solar Homes Balancing Account (“DACASHBA”); the Disadvantaged Community-Green Tariff Balancing Account (“DACGTBA”); and the Community Solar Green Tariff Balancing Account (“CSGTBA”). SDG&E is not seeking a cost recovery or a rate change at this time for any of these costs.

However, as explained herein and in the associated prepared direct testimony of SDG&E witness Amy Karazuba, with respect to SDG&E’s LGBA, SDG&E seeks the Commission’s permission to recover this account’s undercollection in SDG&E’s next-filed ERRA Forecast Application for record year 2024, which will be filed on or about May 15, 2023. In addition, with respect to the NERBA, SDG&E seeks authorization to return this account’s overcollection in the Annual Electric Regulatory Account Update filing. Also, with respect to SDG&E’s TMNBCBA, SDG&E seeks the Commission’s permission to include this account’s 2021 overcollected activity in rates in the Annual Electric Public Purpose Program Account Update filing, which will be submitted in or about October 2023. Lastly, SDG&E seeks the Commission’s authorization to pursue cost recovery of the GTSRBA’s 2021 undercollected activity in SDG&E’s next-filed ERRA Forecast Application for record year 2024.

II. BACKGROUND

A. SCOPE OF ERRA COMPLIANCE REVIEW

The ERRA balancing account mechanism was established in D.02-10-062 to track fuel and purchased power billed revenues against actual recorded costs. That decision also required the electric utilities to establish a fuel and purchased power revenue requirement forecast, a trigger mechanism, and a schedule for semiannual ERRA proceedings. The first semiannual proceeding (the forecast application) consists of an application by the utility to establish annual fuel and purchased power forecasts for the upcoming calendar year. During the second semiannual

proceeding, a compliance review of the utility’s prior period energy resource contract administration, least-cost dispatch, and ERRA balancing account is conducted. The Commission is required to perform a compliance review as opposed to a reasonableness review of the ERRA compliance application.¹ “A compliance review considers whether a utility has complied with all applicable rules, regulations, opinions, and laws, while a reasonableness review evaluates not only a utility’s compliance, but also whether the data or actions resulting from, for example, the calculation of a forecasted expense, are reasonable, based on the methods and inputs used.”²

In D.02-10-062, the Commission adopted minimum standards of conduct the utilities must follow in performing their procurement responsibilities. Standard of Conduct #4 (“SOC 4”) describes the compliance review criteria for contract administration and economic dispatch of generation resources on which the utilities will be evaluated: “The utilities shall prudently administer all contracts and generation resources and dispatch the energy in a least-cost manner. Our definitions of prudent contract administration and least cost dispatch are the same as our existing standard.”³

The scope of compliance review described in D.02-10-062 and D.02-12-074 includes Commission review of utility owned generation (“UOG”)⁴ management of planned and unplanned outages, UOG fuel expenses, contract administration, California Independent System Operator (“CAISO”)-related costs, existing Qualified Facilities (“QF”) contracts, other power purchase agreements (including renewable resource contracts), and economic dispatch of electric generation resources (including Miramar, Palomar, Desert Star Energy Center [“Desert Star”], Cuyamaca,

¹ D.16-05-003 at 3.

² *Id.*

³ D.02-10-062 at Conclusion of Law 11.

⁴ For purposes of this application, the phrase “UOG” includes SDG&E’s utility-owned storage.

Escondido and El Cajon Battery Energy Storage System (“BESS”) and Ramona Solar Energy Project).

The Commission further stated in D.03-06-067 that in determining whether the utilities complied with the requirement to “dispose of economic long power and to purchase economic short power in a manner that minimizes ratepayer costs,”⁵ the Commission would examine “the prudence of each utility’s decision to dispatch resources contained in the integrated DWR-IOU portfolio and execute market transactions for economic purposes”⁶ Accordingly, the Commission’s annual compliance review focuses on UOG management of planned and unplanned outages, prudent contract administration, least-cost dispatch, and UOG fuel procurement activities.

The appropriate scope and standard of review for these ERRA applications have also been addressed in D.05-04-036 and D.05-01-054. According to those decisions and pertinent to the scope of review of the utility’s least-cost dispatch obligation, the Commission will consider those decisions to dispatch the resources in the daily, hourly, and real-time markets. As for the standard of review of the utility’s least-cost dispatch, contract administration, and URG costs, the Commission reiterated in D.05-04-036 that its review is not a “reasonableness review,” but is instead a “compliance review:”

We [the Commission] went on to state that the least cost dispatch review process is a compliance review, and that there are no ranges of possible outcomes. (D.05-01-054 at 13-14.) Instead, we stated in pertinent part that:

The outcome or standard for review has been predetermined – that is the lowest cost. SCE must demonstrate that it has complied with this standard, by providing sufficient information and/or analysis in order for the Commission to verify that SCE’s dispatch resulted in the most cost- effective mix of total resources, thereby minimizing the cost of delivering electric services. Based on analyses of SCE’s showing and subsequent discovery, ORA or any other party may take the position that SCE did not fully comply with SOC 4. In such cases, we will judge the merits of the parties’ positions and may impose disallowances and/or penalties.... This compliance process encompasses much more than that characterized by ORA.

⁵ D.03-06-067 at 10.

⁶ *Id.*

Imposing a compliance process for least-cost dispatch under SOC 4, rather than a reasonableness review process, does not diminish our ability to ensure just and reasonable rates.

(D.05-01-054 at 14-15.)⁷

In this same decision, the Commission goes on to say that:

D.05-01-054 did not adopt specific criteria for determining “what constitutes least-cost dispatch compliance or what the utility needs to provide to meet its burden to prove such compliance.” (D.05-01-054 at 15 (emphasis added).) Instead, we stated that if ORA or another party can demonstrate that the utility “has not dispatched resources in a least-cost manner, the Commission will review that evidence and make appropriate adjustments for non-compliance.” (*Id.* at 16.)⁸

Finally, on October 21, 2014, SDG&E, along with Pacific Gas and Electric Company (“PG&E”) and Southern California Edison Company (“SCE”), jointly filed a Joint Proposal for the Demonstration of Least-Cost Dispatch (“Joint Proposal”), which detailed the information that the utilities would include in testimony or workpapers in ERRA compliance proceedings to demonstrate least-cost dispatch. On November 5, 2014, the Commission’s Office of Ratepayer Advocates (“ORA”) filed a response which included four recommended modifications to the Joint Proposal. On December 2, 2014, Administrative Law Judge Roscow and Commissioner Florio issued an “Interim Ruling Providing Guidance for the 2014 ERRA Compliance Proceedings,” which adopted both the Joint Proposal as well as ORA’s suggested modifications relating to economically dispatched demand response programs. These requirements were adopted on a non-interim basis in D.15-05-005 and D.15-12-025. The prepared direct testimony and associated attachments and workpapers of SDG&E witness Andrew Scates address these least-cost dispatch requirements and satisfy SDG&E’s burden of proof for the 2021 record period.

⁷ D.05-04-036 at 26. *Accord* D.15-11-011 at 2; D.17-03-016 at 3.

⁸ *See also* D.05-04-036 at 27 (internal footnote omitted).

B. ERRA

As noted above, the purpose of the ERRA is to provide full recovery of SDG&E's energy procurement costs associated with serving SDG&E's bundled service customers. Accordingly, SDG&E's ERRA revenue requirement includes specific recovery of CAISO energy and ancillary services load charges, contract costs, generation fuel costs, CAISO-related costs, and hedging costs under Accounting Standards Codification 810 ("ASC 810"), formerly referred to as FASB Interpretation No. 46 (R) or "Fin 46 (R)." Pursuant to Section 5(d) of SDG&E's ERRA Tariff, the ERRA also includes "in lieu payments payable to communities where SDG&E is transporting its own gas through its own gas transmission or distribution system, or both, for purposes of generating electricity or for use in its own operations." The ERRA also includes revenues from SDG&E's Electric Energy Commodity Cost ("EECC") rate schedules (commodity revenue), non-fuel generation revenues allocated to the Non-Fuel Generation Balancing Account ("NGBA") and other Commission-approved accounts.

SDG&E believes that the costs and expenses recorded to the ERRA during 2021 are correctly stated and in compliance with the Commission's directives and are recoverable. The ERRA balance as of December 31, 2021 was zero, as shown in the accompanying prepared direct testimony of Amy Karazuba and its associated Table 1, as well as Attachment A thereto,

C. PABA

Pursuant to D.18-10-019 and Advice Letter 3318-E,⁹ the Portfolio Allocation Balancing Account ("PABA") was established to record the "above-market" costs and revenues associated with all generation resources that are eligible for cost recovery through the Power Charge Indifference Adjustment ("PCIA") rates, including SDG&E's Utility-Owned Generation ("UOG"). The PABA is comprised of a series of subaccounts referred to as "vintage subaccounts." Costs

⁹ See SDG&E AL 3318-E, filed on December 10, 2018, and approved on May 30, 2019.

recorded in each vintage subaccount include, but are not limited to, fuel, greenhouse gas (“GHG”) costs, third party power purchase contracts, and UOG’s revenue requirement. The above-market costs of all generation resources that are eligible for cost recovery through the PCIA rates, including SDG&E’s UOG, is also recorded in the PABA. The PABA tariff states that “[t]he entries recorded in the vintaged PABA subaccounts shall be reviewed in SDG&E’s annual ERRRA Compliance proceeding.”¹⁰

The balance in the PABA as of December 31, 2021 reflected a \$109.228 million undercollection, as shown in the accompanying prepared direct testimony of Amy Karazuba and its associated Table 2, as well as in Attachment B thereto, which provides a monthly summary of the accounting entries recorded to the PABA during 2021. Accordingly, SDG&E requests confirmation that the transactions recorded in 2021 in the PABA are correctly stated and in compliance with the Commission’s directives.

D. CAPBA

Pursuant to Commission Decision 18-10-019 and Advice Letter 3436-E,¹¹ the purpose of the CAPBA is to record the obligation that accrues for departing load (“DL”) customers in the event that the half-cent per kWh PCIA rate cap is reached. The CAPBA is comprised of a subaccount for each customer vintage, as well as a specific bundled subaccount, which capture the shortfall amount that is financed by bundled customers for DL customers when the DL PCIA rate is capped, and the repayment amount from DL customers to bundled customers. In addition, pursuant to D.18-10-026, OP 10, SDG&E established the trigger mechanism for CAPBA.

Subsequently, D.21-05-030 removed the PCIA cap and trigger mechanisms effective as of May 24, 2021. SDG&E was required to implement the removal of the PCIA cap in rates effective

¹⁰ See SDG&E Electric Tariffs, Preliminary Statements at Revised Cal. Pub. Util. Code Sheet No.32544-E, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_PABA.pdf.

¹¹ See SDG&E AL 3436-E, filed on September 30, 2019, and approved on October 30, 2019.

January 1, 2022.¹² For PCIA vintages that were capped during 2021, the balance of the CAPBA undercollection that was previously paid by bundled customers will be collected from departing load customers through PCIA rate adders and returned to bundled customers.

The balance in the CAPBA as of December 31, 2021 was a \$6.2 million undercollection as shown in the accompanying prepared direct testimony of Amy Karazuba and Attachment C thereto, which provides a monthly summary of the accounting entries recorded to the CAPBA during 2021. Accordingly, SDG&E requests confirmation that transactions recorded in 2021 in the CAPBA are correctly stated and in compliance with the Commission's directives.

E. TCBA

In D.06-12-019, the Commission determined that SDG&E's annual TCBA review should be included as part of the annual ERRR compliance review. The ERRR compliance review is the appropriate forum to review the TCBA because the costs that are recovered in the TCBA generally relate to the above-market portion of certain QF and purchase power costs eligible for recovery under Assembly Bill ("AB") 1890. Specifically, the TCBA records the eligible above-market power costs and the revenues received from SDG&E's Competition Transition Charge ("CTC") rate. The TCBA balance as of December 31, 2021 was a \$12.996 million undercollection.¹³ SDG&E requests confirmation that the entries and calculations recorded in the TCBA are correctly stated and in compliance with the Commission's directives.

F. LGBA

The LGBA was authorized in D.13-03-029. The LGBA records the costs and revenues for generation that have been determined to be subject to the cost allocation mechanism ("CAM"). For 2021, the contracts included in the LGBA were the Escondido Energy Center ("EEC"), the

¹² D.21-05-030, OP 1.

¹³ The forecasted 2021 year-end undercollected balance of \$9.6 million was approved in Advice Letter ("AL") 3881-E on November 29, 2021 for amortization in rates effective January 1, 2022.

Pio Pico Energy Center (“PPEC”), CP Kelco Combined Heat & Power (“CHP”), the Grossmont Hospital CHP, and Carlsbad Energy Center contracts. Also included were the SDG&E-owned Escondido Energy and El Cajon Energy Storage Facilities, and the newly added Miramar Energy Storage Facility.¹⁴

As of December 31, 2021, the LGBA balance reflected an overcollection, as shown in the accompanying confidential prepared direct testimony of Amy Karazuba and its associated Table 6, as well as in Attachment E thereto, which provides a monthly summary of the accounting entries recorded to the LGBA during 2021. In this Application, SDG&E is requesting, among other things, that SDG&E’s 2021 transactions reflected in its LGBA are in compliance with the Commission’s directives.

In summary, SDG&E is requesting that the Commission: (a) determine that its LGBA recorded 2021 transactions are in compliance with Commission directives and are recoverable, and (b) authorize it to recover the undercollected 2021 recorded activity in its 2024 ERRR Forecast Application, if SDG&E deems prudent given the balance in LGBA at that time.

G. NERBA

The NERBA, as approved by the Commission’s Decision 13-05-010 in SDG&E’s 2012 General Rate Case (“GRC”), records the operating and maintenance (“O&M”) and capital- related costs associated with certain new and proposed federal and state environmental programs, such as fees charged by the California Air Resources Board (“CARB”) under AB 32.

As of January 1, 2021, the beginning balance in the AB 32 electric subaccount in NERBA was a \$0.809 million undercollection. Revenues in 2021 were \$(0.323) million, expenses totaled

¹⁴ Per D.13-03-029, and established in Advice Letter (“AL”) 2499-E fuel costs for EEC, El Cajon Energy Storage Facility, Escondido Energy Storage Facility (in AL 2924-E), PPEC (in D.14-02-016), CP Kelco CHP (in AL 2897-E), Grossmont Hospital CHP (in CHP Program Settlement Agreement Term Sheet October 8, 2010 and adopted in D.10-12-035), Carlsbad Energy Center (in D.15-05-051 and adopted in AL2757-E), and Miramar Energy Storage Facility (in D.18-05-024) are to be recorded to the LGBA.

\$0.313 million, and interest of approximately five hundred and twenty-six dollars was booked in 2021, as shown in Attachment F of the accompanying prepared direct testimony of Amy Karazuba. The resulting balance in the AB 32 electric subaccount in NERBA as of December 31, 2021 was approximately a \$0.799 million undercollection. SDG&E is requesting confirmation that the 2021 transactions recorded in the AB 32 electric subaccount in NERBA are appropriate and correctly stated in accordance with Commission directives, and that the Commission authorize SDG&E to include the activity of \$(0.010) million overcollection in rates in the Annual Electric Regulatory Account Update filing, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application.

H. IEMA

Pursuant to D.04-12-048 and D.05-07-039, the purpose of the IEMA is to record third party costs associated with the use of Independent Evaluators ("IEs") in the utility's long-term procurement activities and Renewables Portfolio Standard ("RPS") programs. Interest is applied to any over- or undercollection balance at the three-month Commercial Paper rate.

In D.11-10-029, which approved Phase 1 of SDG&E's 2009 ERRA Compliance filing, SDG&E was authorized to update its IEMA tariff disposition to transfer the balance in the IEMA to the ERRA on an annual basis.¹⁵

As explained in the accompanying prepared direct testimony of Amy Karazuba, pursuant to the above-mentioned decisions, SDG&E transferred the IEMA 2021 undercollection balance of \$0.200 million to ERRA. SDG&E is requesting confirmation in this Application that the amounts transferred from IEMA to ERRA during 2021 are in compliance with the Commission's directives.

¹⁵ D.11-10-029 was implemented in AL 2304-E, which was approved on January 12, 2012 and effective November 17, 2011.

I. LCMA

Pursuant to Resolution (“Res.”) E-3893, the LCMA records litigation costs associated with refunds resulting from the energy crisis in October 2000 through January 2001. The LCMA tracks the difference between incurred litigation costs and settlement proceeds received.

At this time, SDG&E is not requesting recovery of its December 31, 2021 undercollected LCMA balance as there are pending litigation cases, and the appropriate vehicle for requesting recovery is through a separate filing. SDG&E requests that the Commission review SDG&E’s 2021 LCMA transactions. As of January 1, 2021, the beginning balance in the LCMA was an undercollection of approximately \$0.264 million. Litigation expenses totaled \$0.965 million, and interest of approximately five hundred and one dollars, were booked in 2021. Thus, the balance in the LCMA as of December 31, 2021 was an undercollection of \$1.23 million. Once SDG&E has closed all LCMA related litigation, SDG&E will evaluate and execute next steps.

J. GTME&OMA

Pursuant to D.15-01-051, the GTME&OMA records the difference between the revenues collected through the GT-ME&O Charge and the initial and ongoing incremental ME&O cost incurred to implement the Green Tariff Shared Renewables Program (“GTSRP”). In 2021, the GTME&OMA had a beginning balance of \$0.025 million undercollection. Revenues in 2021 were \$(0.138) million, expenses and interest totaled \$0.041 million and the ending balance was a \$(0.072) million overcollection as shown in the accompanying prepared direct testimony of Amy Karazuba in Attachment I. In this proceeding, SDG&E requests confirmation that the transactions recorded in the GTME&OMA are correctly stated and in compliance with the Commission’s directives.

K. GTSRACMA

Pursuant to D.15-01-051, the purpose of the GTSRACMA is to record the difference between the revenues collected through the GTSR Administrative Charge and the initial and ongoing incremental administrative costs incurred to implement the GTSRP.

In 2021, the GTSRACMA had current activity and interest of \$0.034 million, and the ending balance was \$1.533 million, as shown in Attachment J in the accompanying prepared direct testimony of Amy Karazuba. SDG&E requests confirmation that the transactions recorded in the GTSRACMA are correctly stated and in compliance with the Commission’s directives.

L. ECRME&OMA

Pursuant to D.15-01-051, the purpose of the ECRME&OMA is to record the difference between the revenues collected through the ECR-ME&O Charge and the initial and ongoing incremental ME&O costs incurred to implement the GTSRP. The GTSRP consists of both a Green Tariff option and an Enhanced Community Renewables option. ME&O costs for the Enhanced Community Renewables option are recorded in the ECRME&OMA.

In 2021, the ECRME&OMA had no current activity or interest, and the ending balance was \$0.003 million as shown in Attachment K of the accompanying prepared direct testimony of Amy Karazuba. SDG&E requests confirmation that the transactions recorded in the ECRME&OMA are correctly stated and in compliance with the Commission’s directives.

M. GTSRBA

Per D.15-01-051, SDG&E established the GTSRBA¹⁶ to record the difference between the revenues collected from individual customers electing to participate in the GTSR program and the incremental costs incurred to serve customers participating in that program. The GTSR program consists of both a Green Tariff (“GT”) component and an Enhanced Community Renewables

¹⁶ See AL 2889-E, approved June 23, 2016 and effective May 28, 2016.

(“ECR”) component, which are recorded in separate subaccounts with the GTSRBA. The GTSRBA tariff states that: “The balance in the GTSRBA will be addressed in SDG&E’s annual Energy Resource Recovery Account (ERRA) Forecast proceeding or in a separate application deemed appropriate by the Commission.”¹⁷

In 2021, GTSRBA had current activity and interest resulting in a \$0.088 million undercollection as shown in Attachment L of the accompanying prepared direct testimony of Amy Karazuba. Accordingly, SDG&E requests that the Commission confirm that the transactions recorded in the GTSRBA are correctly stated and in compliance with the Commission’s directives, and that SDG&E may request recovery of the undercollected 2021 activity of \$0.088 million in its 2024 ERRA Forecast Application.

N. TMNBCBA

Per D.18-12-003, SDG&E filed AL 3343-E-B¹⁸ to establish the TMNBCBA to record the tree mortality related procurement costs. As noted in D.18-12-003, OP 9, the TMNBCBA cost will be recovered through the public purpose program (“PPP”) charge.

The TMNBC tariff states that “The balance in the TMNBC will be addressed in SDG&E’s Annual Electric Public Purpose Program Account Update filing or in another proceeding deemed appropriate by the Commission.”¹⁹

In 2021, the TMNBCBA activity and interest reflected an overcollection as shown in the accompanying confidential prepared direct testimony of Amy Karazuba and its associated Attachment L. SDG&E requests: (a) confirmation that the transactions recorded in 2021 in the

¹⁷ See Cal. Pub. Util. Code Sheet No. 28265-E, Preliminary Statement at Sheet 5 *available at* https://www.sdge.com/sites/default/files/elec_elec-prelim_gtsrba.pdf.

¹⁸ See SDG&E AL 3343-E-B, filed on May 31, 2019, approved on July 19, 2019, with an effective date of July 2, 2019.

¹⁹ See SDG&E Electric Tariffs, Preliminary Statements at Revised Cal. Pub. Util. Code Sheet No. 31951-E, available at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_TMNBCBA.pdf.

TMNBCBA are correctly stated and in compliance with the Commission’s directives, and that (b) the Commission authorize SDG&E to include the TMNBCBA overcollection in rates in the Annual Electric Public Purpose Program Account Update filing, to be submitted on or about October 1, 2023, which will be implemented in rates and amortized effective January 1 following the Commission’s approval of this Application.

O. DACSASHBA, DACGTBA, AND CSGTBA

Pursuant to OP 8 of D. 18-06-027 issued on June 22, 2018, AL 3410-E-A²⁰ established the DACSASHBA, and AL 3253-E-B²¹ established the DACGTBA and CSGTBA.

1. DACSASHBA

The DACSASH program provides incentive payments to low-income single-family homeowners in DACs for rooftop solar installation, as authorized in D.18-06-027. The incentive payments will be included as costs in DACSASHBA. The DACSASHBA will also record SDG&E’s proportionate share (10.3%) of the \$10 million annual budget starting in 2020 through the end of the program in 2030. Funds not allocated to specific projects or program expenses will be returned to ratepayers at the conclusion of the program (December 31, 2030). The DACSASH program will be funded first by greenhouse gas (“GHG”) allowance revenues, and if such funds are exhausted, the programs will be funded through PPP funds.

In 2021, the DACSASHBA had current GHGRBA transfers, activity and interest totaling \$(1.839) million, and the December 31, 2021 ending balance was a \$(3.489) million overcollection as shown in Attachment N of the accompanying prepared direct testimony of Amy Karazuba. SDG&E requests confirmation that the transactions recorded in the DACSASHBA are correctly stated and in compliance with the Commission’s directives.

²⁰ See SDG&E AL 3410-E-A, filed on October 1, 2019, and approved on October 24, 2019.

²¹ See SDG&E AL 3253-E-B, filed on November 21, 2019, and approved on December 12, 2019.

2. DACGTBA

The DACGTBA is a GT program that will allow all DACGT customers to purchase 100% green energy at a discount. Pursuant to D.18-06-027, the DACGTBA program will be funded first by GHG allowance revenues, and if such funds are exhausted, the programs will be funded through PPP funds.

In 2021, the DACGTBA had current GHGRBA transfers and interest of \$0.057 million, and the December 31, 2021 ending balance was a \$(2.943) million overcollection, as shown in Attachment O of the accompanying prepared direct testimony of Amy Karazuba. SDG&E requests confirmation that the transactions recorded in the DACGTBA are correctly stated and in compliance with the Commission's directives.

3. CSGTBA

The CSGT program is a GT/Shared Renewables Program that will allow all CSGT eligible customers in DACs to benefit from the development of solar generation projects located in their own or nearby DAC. Pursuant to D.18-06-027, the CSGT program will be funded first by GHG allowance revenues and if such funds are exhausted, the programs will be funded through PPP funds.

In 2021, the CSGTBA had current GHGRBA transfers and interest of \$0.058, and the December 31, 2021 ending balance was a \$(1.585) million overcollection as shown in Attachment P of the testimony of Amy Karazuba. SDG&E requests confirmation that the transactions recorded in the CSGTBA are correctly stated and in compliance with the Commission's directives.

P. PUBLIC SAFETY POWER SHUTOFFS

In D.20-01-005, the Commission directed SDG&E to include in its ERRA Compliance application for record year 2019 an accounting of the public safety power shut off (PSPS) events that occurred in its service territory in that calendar year and how the PSPS events impacted its

revenue collections.²² On August 12, 2020, the Assigned Commissioner issued a Scoping Memo and Ruling in SDG&E’s 2019 ERRR Compliance proceeding establishing a Phase 2 that would consider: (1) whether sales forecasting methods for adjusting revenue requirement under current decoupling policy be adjusted to account for power not sold during a PPS event (and if so, how); (2) what methods should be used to account for sales lost during a PPS event distinct from sales reductions due to conservation; and (3) if a utility does not collect its entire revenue requirement due to lower volumetric sales during a PPS event, should it be prevented from adjusting future revenue requirements to make up for any undercollection (and if so, how).²³

On September 7, 2021, the Assigned Commissioner issued a Second Amended Scoping Memo and Ruling, Notice of Consolidation, and Statutory Deadline Extension (“Second Amended Scoping Memo”) in SDG&E’s, Southern California Edison Company’s and Pacific Gas and Electric Company’s 2019 ERRR Compliance proceedings, A.20-02-009, A.20-04-002, and A.20-06-001, respectively. The Second Amended Scoping Memo supersedes and amends both the scope of issues and the procedural schedule in the Phase I scoping memos. The issues to be determined in Phase II of the respective 2019 ERRR Compliance proceedings are: (1) what is the appropriate methodology for calculating a utility’s unrealized volumetric sales and unrealized revenues resulting from PPS events in any given record year, and based on this methodology, what are the utilities’ unrealized volumetric sales and unrealized revenues resulting from PPS events in 2019; and (2) whether it is appropriate for the utilities to return the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the PPS events in 2019.²⁴ This consolidated Phase II

²² D.20-01-005, OP 6.

²³ Assigned Commissioner’s Scoping Memo and Ruling (issued on August 12, 2020 in A.20-06-001) at 3.

²⁴ Second Amended Scoping Memo at 6-7.

of the utilities' 2019 ERRRA Compliance proceedings is still under consideration by the Commission with a proposed decision expected in Fall 2022.

Separately, the Commission issued D.21-06-014 (PSPS OII Decision) on June 3, 2021. In that decision the Commission directed the utilities to:

(1) agree on one methodology to rely upon in calculating these estimated unrealized volumetric sales and unrealized revenue, (2) include the amount of estimated unrealized volumetric sales and unrealized revenue resulting from PSPS events in the Energy Resource Recovery Account (ERRA) proceedings addressing the years in which the PSPS events occurred, (3) detail the method of calculating the amounts of estimated unrealized sales and unrealized revenue in the ERRA proceedings, and (4) report these estimated amounts unrealized sales and unrealized revenue in an annual PSPS report, as directed by the Commission in Rulemaking (R.) 18-12-005. Regarding any [sic] submitting this information in any pending ERRA or future ERRA proceeding, the utility shall request via an email to the Administrative Law Judge (and the service list) whether additional testimony is required on this topic and establishes (sic) a procedure for submitting this information on an ongoing basis in the ERRA proceeding.²⁵

In light of the fact that the Commission is currently considering the utilities' proposed common methodology for calculating unrealized volumetric sales and unrealized revenues resulting from PSPS events in the consolidated Phase II 2019 ERRA Compliance proceeding, SDG&E has not included with this 2021 ERRA Compliance application any testimony addressing the calculation of unrealized volumetric sales or unrealized revenues. This is because it would be premature to include this information in the utilities' respective 2021 ERRA Compliance applications until after the Commission has issued a decision in the consolidated Phase II 2019 ERRA Compliance proceeding establishing the appropriate methodology to be used. As directed in the PSPS OII Decision, SDG&E plans to send an email to the assigned Administrative Law Judge (once one has been assigned for this Application) and service list requesting direction regarding whether and in what format PSPS information should be presented as part of this Application once the Commission

²⁵ D.21-06-014 at OP 1.

has resolved the threshold issues currently pending in the consolidated Phase II 2019 ERRR Compliance proceeding.

III. SUMMARY OF PREPARED DIRECT TESTIMONY

In support of this Application, SDG&E provides the prepared direct testimony of six witnesses. As SDG&E's prepared direct testimony demonstrates, in 2021, SDG&E has fully complied with its Commission-approved electric procurement plans,²⁶ all relevant contract terms and conditions, SOC 4 and applicable Commission decisions. The prepared direct testimony shows that SDG&E's 2021 ERRR, PABA, CAPBA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA accounting entries are correctly stated and in compliance with the Commission's directives. The prepared direct testimony of SDG&E's witnesses, and the issues they address, are summarized below and incorporated by reference herein:

- **MR. ANDREW SCATES**

Mr. Scates' prepared direct testimony describes the various energy resources in SDG&E's electricity portfolio and addresses the manner in which SDG&E complied during the record period with its obligation to dispatch its energy portfolio in a least-cost manner, consistent with SDG&E's Commission-approved LTPP.

- **MS. AMY KARAZUBA**

Ms. Karazuba's prepared direct testimony provides a description of the transactions for the 2021 entries to SDG&E's ERRR, PABA, CAPBA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA. Ms. Karazuba's prepared direct testimony explains the regulatory basis for SDG&E's requested disposition for these accounts and seeks the Commission's determination

²⁶ For purposes of the Commission's review and the compliance findings requested herein, the relevant Long Term Procurement Plan ("LTPP") is SDG&E's 2014 LTPP, approved in Commission Res. E-4543 (October 11, 2012), in compliance with D.15-10-031.

that, for the 2021 record period, SDG&E's recommended dispositions are in compliance with Commission directives and should be approved as correctly stated.

- **MS. MICHELLE MENVIELLE**

Ms. Menvielle's prepared direct testimony describes the categories of expenses that were recorded to SDG&E's ERRR, TCBA, LGBA and TMNBCBA accounts and explains the contract administration activities associated with SDG&E's power purchase agreements during 2021.

- **MR. SCOTT LEWIS**

Mr. Lewis's prepared direct testimony explains SDG&E's procurement of GHG compliance instruments during the 2021 record period. In this proceeding, SDG&E is requesting that the Commission review and approve GHG compliance instrument procurement activity incurred in 2021 in compliance with the LTPP, AB 32, and recent Commission directives regarding GHG compliance costs, including D.21-05-004.

- **MS. SHERI MILLER**

Ms. Miller's prepared direct testimony presents SDG&E's accounting procedure used to record the GHG Compliance Instrument costs that are described in the testimony of SDG&E witness Scott Lewis and also includes the required GHG direct cost tables.

- **MR. KEVIN COUNTS**

Mr. Counts's prepared direct testimony explains that SDG&E has complied with applicable Commission standards governing the operation of UOG resources and the management of planned and unplanned outages during the 2021 record period.

IV. REQUESTED RELIEF AND ISSUES TO BE CONSIDERED

In submitting this Application and supporting testimony, SDG&E demonstrates and requests express Commission findings that:

1. During 2021, SDG&E prudently administered and dispatched its UOG resources and portfolio of contracts, including Miramar Energy Facility, Palomar Energy Center, Desert Star Energy Center, Cuyamaca Peak Energy Plant, Escondido Battery Energy Storage System, El Cajon Battery Energy Storage System, Top Gun Battery Energy Storage System, Ramona Solar Energy Project, power

- purchase agreements, QFs, non-QF resources, and renewable energy resources, in compliance with SDG&E's Commission-approved procurement plan;
2. All 2021 entries and costs recorded in SDG&E's ERRA, PABA, CAPBA, TCBA, LGBA, NERBA, IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA are correctly stated and in compliance with the Commission's directives;
 3. SDG&E's procurement of GHG compliance instruments during the 2021 record period is consistent with the Commission's current directives applicable to those compliance instruments;
 4. SDG&E is authorized to recover the 2021 recorded activity in SDG&E's LGBA in SDG&E's next- filed ERRA Forecast Proceeding for year 2024, which will be filed on or about May 15, 2023 or SDG&E's next Annual Electric Regulatory Update filing;
 5. SDG&E will pursue cost recovery of the 2021 recorded activity in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2024, which will be filed on or about May 15, 2023;
 6. SDG&E will include the NERBA undercollection in rates in the Annual Electric Regulatory Account Update filing, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application;
 7. SDG&E will include the 2021 TMNBCBA activity in rates in the Annual Electric Public Purpose Program Account Update filing, submitted on or about October 1, 2023, which will be implemented in rates and amortized effective January 1 following the Commission's approval of this Application; and,
 8. Confidential treatment of the unredacted versions of the prepared direct testimony, as requested in the declarations accompanying the testimony, is appropriate and authorized.

V. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Rule 2.1(a) – (c)

In accordance with Rule 2.1 (a) – (c) of the Commission's Rules of Practice and Procedure, SDG&E provides the following information.

1. Rule 2.1(a) - Legal Name

SDG&E is a corporation organized and existing under the laws of the State of California. SDG&E is engaged in the business of providing electric service in a portion of Orange County and electric and gas service in San Diego County. SDG&E's principal place of business is 8330 Century Park Court, San Diego, California 92123. SDG&E's attorney in this matter is Roger A. Cerda.

2. Rule 2.1(b) - Correspondence

Correspondence or communications regarding this Application should be addressed to:

Todd Schavrien
Regulatory Case Manager
San Diego Gas & Electric Company 8330 Century
Park Court, CP32F
San Diego, California 92123
Telephone: (858) 503-5164
Facsimile: (858) 654-1788
Email: tschavrien@sdge.com

With copies to:

Roger A. Cerda
Attorney for:
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Telephone: (858) 654-1781
Facsimile: (619) 699-5027
Email: rcerda@sdge.com

3. Rule 2.1(c)

a. Proposed Category of Proceeding

In accordance with Rule 7.1, SDG&E requests that this Application be categorized as ratesetting.

b. Need for Hearings

SDG&E does not believe that approval of this application will require evidentiary hearings. SDG&E has provided ample supporting testimony, analysis and documentation that provide the

Commission with a sufficient record upon which to grant the relief requested. However, to the extent that evidentiary hearings may be required, SDG&E requests that any schedule set forth by the Commission include a procedural mechanism by which the parties can specifically identify material issues of fact in dispute that warrant an evidentiary hearing. Similarly, pursuant to Rule 2.6 (b), any protest that requests evidentiary hearings “must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the application.”

c. Issues to be Considered

The issues to be considered in this Application are set forth below:

1. Whether SDG&E administered and managed its own generation resources prudently, to include the management of outages and associated fuel costs, according to Standard of Conduct (“SOC”) 4.
2. Whether SDG&E administered and managed its Qualifying Facility (“QF”) and non-QF contracts for generation and power purchase agreements in accordance with the contract provisions and otherwise followed Commission guidelines relating to those contracts and their amendments according to SOC 4.
3. Whether SDG&E used the most cost-effective mix of energy resources under its control and achieved Least Cost Dispatch of its energy resources according to SOC 4.
4. Whether SDG&E administered its demand response programs to minimize costs to its ratepayers according to SOC 4.
5. Whether the entries recorded during the record year in the following accounts are correctly stated and in compliance with Commission directives:
 - a. the Energy Resource Recovery Accounts (“ERRA”);
 - b. Portfolio Allocation Balancing Account (“PABA”);
 - c. Undercollection Balancing Account (“CAPBA”)
 - d. Transition Cost Balancing Account (“TCBA”);
 - e. Local Generating Balancing Account (“LGBA”);
 - f. New Environmental Regulatory Balancing Account (“NERBA”);
 - g. Independent Evaluator Memorandum Account (“IEMA”);

- h. Litigation Cost Memorandum Account (“LCMA”);
 - i. Green Tariff Marketing Education & Outreach Memorandum Account (“GTME&OMA”);
 - j. Green Tariff Shared Renewables Administrative Cost Memorandum Account (“GTSRACMA”);
 - k. Enhanced Community Renewable ME&O Memorandum Account (“ECRME&OMA”);
 - l. Green Tariff Shared Renewable Balancing Account (“GTSRBA”);
 - m. Tree Mortality Non-Bypassable Charge Balancing Account (“TMNBCBA”);
 - n. Disadvantaged Communities – Single Family Solar Homes Balancing Account (“DACSASHBA”);
 - o. Disadvantaged Community-Green Tariff Balancing Account (“DACGTBA”); and
 - p. Community Solar Green Tariff Balancing Account (“CSGTBA”).
6. Whether SDG&E’s Greenhouse Gas Compliance Instrument procurement complied with its Conformed Bundled Procurement Plan and was consistent with Commission and state policies and laws.
 7. Whether the entries in SDG&E’s Greenhouse Gas Revenue Balancing Account and Greenhouse Gas-related entries in other ERRA sub-accounts are accurate, and whether SDG&E met its burden of proof regarding its claim for these entries.
 8. Whether the Commission should authorize SDG&E to pursue adjustment of the overcollection in SDG&E’s Local Generating Balancing Account in SDG&E’s next-filed ERRA Forecast Proceeding for 2023 or SDG&E’s next Annual Electric Regulatory Update filing.
 9. Whether the Commission should authorize SDG&E to pursue adjustment of the undercollection in SDG&E’s Green Tariff Shared Renewable Balancing Account in SDG&E’s next-filed ERRA Forecast Proceeding for 2023.
 10. Whether the Commission should authorize SDG&E to pursue adjustment of the undercollection in SDG&E’s New Environmental Regulatory Balancing Account in the Annual Electric Regulatory Account Update filing.
 11. Whether the Commission should authorize SDG&E to pursue adjustment of the undercollection in SDG&E’s Tree Mortality Non-Bypassable Charge Balancing Account in the Annual Electric Public Purpose Program Account Update filing.

Regarding safety considerations, based on current information, SDG&E’s proposals in this Application and associated testimony will not result in any adverse safety impacts on the facilities or operations of SDG&E.

d. Proposed Schedule

SDG&E proposes the following schedule:

ACTION	DATE
Application filed	June 1, 2022
Protests/Replies due	July 1, 2022
Prehearing Conference	July 14, 2022
Intervenor Testimony	October 14, 2022
Rebuttal Testimony	December 2, 2022
Rule 13.9 Meet and Confer deadline - Parties inform ALJ whether hearings are necessary and identify the specific disputed issues of material fact, witness lists and cross-examination estimates	December 14, 2022
Hearings (if necessary)	January 17-21, 2023
Opening Briefs	February 18, 2023
Reply Briefs	March 11, 2023
Proposed Decision	April 22, 2023
Comments on Proposed Decision	May 13, 2023
Reply Comments	May 20, 2023
Final Decision	June - July 2023

B. Rule 2.2 – Articles of Incorporation

A certified copy of SDG&E’s Restated Articles of Incorporation, as last amended, presently in effect and certified by the California Secretary of State, was previously filed with the Commission on September 10, 2014, in connection with SDG&E’s Application 14-09-008, and is incorporated herein by reference.

VI. CONFIDENTIAL INFORMATION

SDG&E is submitting the prepared direct testimony supporting this Application in both public (redacted) and non-public (unredacted and confidential) form, consistent with SDG&E's declarations of confidential treatment attached to the witnesses' testimony and submitted in conformance with D.06-06-066, D.08-04-023 and other applicable orders and statutory provisions. In short, confidential treatment is necessary in this proceeding to avoid inappropriate disclosure of the confidential and commercially sensitive information (pertaining to SDG&E's electric procurement resources and strategies) that SDG&E witnesses must identify to support this Application.

VII. SERVICE

This is a new application. No service list has been established. Accordingly, SDG&E will electronically serve this Application, prepared direct testimony and related exhibits on parties to the service list for A.21-06-004 (last year's SDG&E ERRR compliance proceeding) and R.12-03-014 (OIR to Integrate and Refine Procurement Policies and Consider Long-Term Procurement Plans). Electronic copies will also be served on Chief ALJ Anne Simon.

VIII. CONCLUSION

WHEREFORE, SAN DIEGO GAS & ELECTRIC COMPANY requests that the Commission:

- (1) find that during 2021 SDG&E prudently administered its generation resources and portfolio of contracts and dispatched energy in a least-cost manner, in compliance with SDG&E's Commission-approved procurement plan;
- (2) find that SDG&E's 2021 entries in its ERRR, PABA, CAPBA, TCBA, LGBA, NERBA IEMA, LCMA, GTME&OMA, GTSRACMA, ECRME&OMA, GTSRBA, TMNBCBA, DACSASHBA, DACGTBA, and CSGTBA were correctly stated and in compliance with the Commission's directives;
- (3) determine that SDG&E's procurement of GHG compliance instruments during the record period was consistent with applicable standards;

- (4) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's LGBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2024, which will be filed on May 15, 2023 or SDG&E's next Annual Electric Regulatory Update filing;
- (5) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's GTSRBA in SDG&E's next-filed ERRA Forecast Proceeding for year 2024, which will be filed on or about May 15, 2023;
- (6) authorize SDG&E to pursue adjustment of the undercollection in SDG&E's NERBA in the Annual Electric Regulatory Account Update filing;
- (7) authorize SDG&E to pursue adjustment of the overcollection in SDG&E's TMNBCBA in the Annual Electric Public Purpose Program Account Update filing, which will be submitted on or about October 1, 2023; and
- (8) grant such additional relief as the Commission believes is just and reasonable.

SDG&E is ready to proceed with its showing in this Application.

Respectfully submitted,

/s/ Roger A. Cerda

Roger A. Cerda

Attorney for:

SAN DIEGO GAS & ELECTRIC COMPANY

8330 Century Park Court, CP32D

San Diego, CA 92123

Telephone: (858) 654-1781

Facsimile: (619) 699-5027

E-mail: rcerda@sdge.com

SAN DIEGO GAS & ELECTRIC COMPANY

By: /s/ Estela de Llanos

Estela de Llanos

San Diego Gas & Electric Company

Vice President – Energy Procurement and Sustainability

DATED at San Diego, California, this 1st day of June 2022.

OFFICER VERIFICATION

I, Estela de Llanos, declares as follows:

I am an officer of San Diego Gas & Electric Company and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) FOR APPROVAL OF ERRA COMPLIANCE FOR RECORD PERIOD 2021** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

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

Executed on June 1, 2022 at San Diego, California.

By: /s/ Estela de Llanos
Estela de Llanos
San Diego Gas & Electric Company
Vice President – Energy Procurement and
Sustainability