



**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 1

EC. Demand Response Expenditures Balancing Account (DREBA)

1. **PURPOSE:** The purpose of the Demand Response Expenditure Balancing Account (DREBA) is to track the authorized demand response program budget compared to costs incurred by PG&E to implement and administer PG&E's authorized demand response programs. Actual costs to operate the programs include Operating and Maintenance (O&M), including customer incentives, and Administrative and General (A&G) expenses and capital-related revenue requirements incurred to develop and implement, or in reasonable anticipation of implementing authorized demand response programs. The purpose of the DREBA is also to track the adopted Critical Peak Pricing (CPP) budget compared to costs incurred for the program to implement the new event hours of 4:00 pm to 9:00 pm as adopted in Decision (D.) 21-03-056.
2. **APPLICABILITY:** The DREBA shall apply to all customer classes, except those specifically excluded by the Commission.
3. **REVISION DATE:** The revision dates applicable to the DREBA shall be determined as necessary in the Annual Electric True-Up (AET) process or other filing as authorized by the Commission.
4. **RATES:** The DREBA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The DREBA consists of the following sub-accounts:

The "Operations Sub-account" is a one-way balancing account that tracks the annual authorized program budget, excluding event based participation incentives, compared to costs incurred to operate, maintain, and administer demand response programs, as well as ongoing capital-related revenue requirements, if applicable. Disposition of any remaining balance in this sub-account, once all authorized budget cycle program costs have been recorded, will be determined in the AET or other proceeding authorized by the Commission.

The "Operations Sub-account" will also track costs associated with the hiring of a working group technical facilitator, in consultation with the Commission's Energy Division and in accordance with authorized sharing allocations amongst the investor-owned utilities. PG&E may seek recovery of the facilitator costs via an advice letter pursuant to D.17-10-017, Ordering Paragraph 13.

The "Incentives Sub-account" is a two-way balancing account that records PG&E's authorized event-based participation incentives budget compared to costs incurred for payment of incentives to participating customers, or their aggregators. Disposition of the balance in this sub-account is annually through the AET process or other filing as authorized.

The "Demand Response Auction Mechanism Sub-account" is a two-way balancing account that records PG&E's authorized budget compared to costs incurred, including administrative expenses and incentives, associated with these pilots and program. Disposition of the balance in this sub-account is through the AET process at the end of the pilot program.

The "Emergency Load Reduction Program Sub-account" is a one-way balancing account that records PG&E's authorized budget compared to costs incurred, including administrative expenses, incentives, and other costs associated with implementing the program. PG&E intends to use internal orders to separately track costs compared to budgets for certain sub-groups that have separately adopted budget caps, e.g. sub-group A.6 (residential customers) administration expense. Disposition of any remaining balance in this sub-account once all program costs have been recorded will be through the AET process.

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The "Critical Peak Pricing Sub-account" is a one-way balancing account that records PG&E's authorized budget of \$2 million compared to costs, both expense and capital related costs, incurred for the program to implement the new event hours of 4:00 pm to 9:00 pm as adopted in D.21-03-056. Disposition of any remaining balance in this sub-account once all program costs have been recorded will be through the AET advice process.

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| <i>Advice</i>   | 6432-E    | <i>Issued by</i>                          | <i>Submitted</i>  | <u>December 13, 2021</u> |
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|                 |           | <i>Vice President, Regulatory Affairs</i> | <i>Resolution</i> |                          |



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Sheet 2

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

A. Operations Sub-Account

The following entries shall be made at the end of each month:

- 1) A debit entry equal to O&M, excluding incentives, and A&G expenses incurred to develop and implement, or incurred in reasonable anticipation of implementing, authorized demand response programs;
- 2) A credit entry equal to one-twelfth of the current year demand response program budget, excluding the event-based participation incentives portion of the authorized budget, as authorized by the CPUC;
- 3) A debit entry for capital-related revenue requirements associated with authorized demand response programs, equal to:
  - a. Depreciation expense on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual depreciation rates approved by the CPUC for these plant accounts; plus
  - b. The return on investment on the average of the beginning and the end-of-month balance of plant installed for each program at one-twelfth of the annual rate of return on distribution investment last adopted for PG&E's Electric Department by the CPUC; less
  - c. The return on the average of beginning and end-of-month accumulated depreciation, and on average accumulated net of deferred taxes on income resulting from the normalization of federal tax depreciation, at one-twelfth the annual rate of return on distribution investment last adopted for PG&E Electric Department by the CPUC.
- 4) A debit entry equal to federal and state taxes based on income associated with Item 5.d. above, calculated at marginal tax rates currently in effect. This will include all applicable statutory adjustments.  
  
For federal and state taxes, this will conform to normalization requirements as applicable. Interest cost will be at the percentage of net investment last adopted by the CPUC with respect to PG&E.
- 5) A debit entry equal to the monthly property taxes on the plant installed;
- 6) A credit entry equal to all enrollment fees, equipment fees, non-compliance or contractual non-performance penalties paid by customers participating in demand response programs;
- 7) A debit or credit entry equal to all costs and/or reimbursements, if applicable, associated with hiring and retaining the working group technical facilitator;
- 8) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 9) A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

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| <i>Advice</i>   | 6143-E-A     | <i>Issued by</i>                          | <i>Submitted</i>  | April 26, 2021 |
| <i>Decision</i> | D. 21-03-056 | <b>Robert S. Kenney</b>                   | <i>Effective</i>  | April 1, 2021  |
|                 |              | <i>Vice President, Regulatory Affairs</i> | <i>Resolution</i> |                |



**ELECTRIC PRELIMINARY STATEMENT PART EC**  
**DEMAND RESPONSE EXPENDITURES BALANCING ACCOUNT**

Sheet 3

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)

B. Incentives Sub-Account

The following entries will be made to this sub-account at the end of each month:

- 1) A credit entry equal to one-twelfth of the current year demand response program budget associated with event based incentives, as authorized by the CPUC;
- 2) A debit entry equal to incentives paid to customers;
- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

C. Demand Response Auction Mechanism Sub-Account

The following entries will be made to this sub-account at the end of each month:

- 1) A debit entry equal to costs associated with the Demand Response Auction Mechanism;
- 2) A credit entry equal to the authorized Demand Response Auction Mechanism budget, including the incentives portion, as authorized by the CPUC;
- 3) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 4) A debit or credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.

D. Emergency Load Reduction Program (ELRP) Subaccount

The following entries, net of Revenue Fees and Uncollectibles (RF&U), will be made to this sub-account at the end of each month:

- 1) A debit entry equal to the administration and implementation costs associated with the Emergency Load Reduction Program; (D)
- 2) A debit entry equal to the incentives associated with the Emergency Load Reduction Program; (D)
- 3) A credit entry equal to the authorized Emergency Load Reduction Program budget, including the incentives portion, as authorized by the CPUC;
- 4) A debit or credit entry to transfer amounts in this account to other accounts, or amounts from other accounts to this account upon approval by the Commission; and
- 5) A debit or credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the above entries at a rate equal to one-twelfth the interest rate on three-month commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successors.



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Sheet 4

EC. Demand Response Expenditures Balancing Account (DREBA) (Cont'd.)-

E. Critical Peak Pricing (CPP) Sub-account

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The following entries, net of RF&U, will be made to this sub-account at the end of each month or as applicable:

- 1) A debit entry equal to the actual expenses associated with implementing the requirements of the new event hours for CPP per D.21-03.056;
- 2) A debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the new event hours for CPP as described in D.21-03-056. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment;
- 3) A credit entry equal to the adopted CPP budget for the implementation of the new event hours, as authorized by the CPUC;
- 4) A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission; and
- 5) A debit or credit entry, as appropriate, equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at the rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

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Issued by  
**Robert S. Kenney**  
Vice President, Regulatory Affairs

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