STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 25, 2019

Advice Letter 5526-E AND 5526-E-A

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: Pacific Gas and Electric Company's Revised Implementation Plan for Contribution to the Low Carbon Fuel Standard Statewide Point-of-Purchase Electric Vehicle Incentive Program.

Dear Mr. Jacobson:

Advice Letter 5526-E and 5526-E-A are effective as of May 20, 2019.

Sincerely,

Edward Randolph

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

Pacific Gas and Electric Company

Erik Jacobson
Director
Regulatory Relations

Pacific Gas and Electric Company
77 Beale St., Mail Code B13U
P.O. Box 770000
San Francisco, CA 94177

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April 18, 2019

Advice 5526-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Pacific Gas and Electric Company's Revised Implementation Plan for Contribution to the Low Carbon Fuel Standard Statewide Point-of-Purchase Electric Vehicle Incentive Program

Purpose

Pursuant to Ordering Paragraph (OP) 6 of Decision (D.)14-12-083, Pacific Gas and Electric Company (PG&E) submits and requests approval of this Advice Letter to amend its Low Carbon Fuel Standard (LCFS) Implementation Plan contained in PG&E Advice Letter 3575-G/4604-E as approved by the Commission on August 7, 2015. The amendment to the Implementation Plan is required in order to comply with revisions by the California Air Resources Board (CARB) to its LCFS regulation approved on September 27, 2018 and effective January 4, 2019.[1] If and upon approval by the California Public Utilities Commission (CPUC or Commission), the CARB's revised regulation requires PG&E and other electric utilities in California that have opted-in to the LCFS regulation to contribute a certain percentage of their residential electric vehicle (EV) charging base credits generated under the CARB's LCFS program[2] to a statewide point-of-purchase EV reward program ("Clean Fuel Reward" or "CFR" program) funded exclusively by LCFS base credit proceeds.[3]

Numerous details of the CFR program remain to be negotiated and worked out, including a proposal by Southern California Edison Company ("SCE") to administer and enter into agreements with yet-to-be-determined third parties to implement the program and to

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[1] Title 17, California Code of Regulations (CCR), §§95480-95503

[2] Residential EV charging "base credits" are generated by electric distribution utilities (EDUs) from all residential EV charging based on a grid average carbon intensity. These credits are separate from "incremental credits," which are additional credit values generated for residential EV charging with a carbon intensity that is lower than the grid average. The statewide Clean Fuel Reward program is to be funded exclusively by each utility's contribution of residential EV charging base credits or net base credit revenue. There is no impact to other current or future LCFS programs administered by PG&E using revenue from other LCFS credit types, such as compressed natural gas credits, incremental credits, workplace EV charging credits, etc.

[3] 17 CCR, § 95483(c)(1)(A)(1).

require PG&E and other electric distribution utilities ("EDUs") to enter into co-funding and governance agreements with SCE, indemnifying SCE for any negligence and other liability in administering the program. Accordingly, when the further details of the CFR program are available, PG&E will submit a supplemental Advice Letter to the Commission requesting approval of those details as appropriate.

In this Advice Letter, PG&E requests Commission approval to (1) continue to sell its LCFS credits under its existing approved LCFS Implementation Plan; and (2) revise its current LCFS Implementation Plan by contributing 67 percent of its LCFS residential EV charging base credit revenue to the CARB's new statewide Clean Fuel Reward program as required by the revised CARB LCFS regulation upon approval by the Commission of this Advice Letter and any supplemental Advice Letter submitted to approve the detailed implementation and governance agreements required for the program.

Changes to the LCFS Regulation

On April 27, 2018, CARB directed the electric utilities in California to explore ways to use LCFS credits to fund a statewide reward for EVs at the point-of-sale of the vehicle.[4]

On September 27, 2018, after public and stakeholder comments,[5] CARB approved its revised LCFS regulation.[6] The revised regulation[7] requires the electric utilities in California that have opted-in to the LCFS regulation to contribute a certain percentage of base credits[8] for residential EV charging to a statewide point-of-purchase EV reward program funded exclusively by LCFS base credit proceeds. The regulation states:

"Upon California Public Utilities Commission (CPUC) approval of Pacific Gas and Electric's, Southern California Edison's, and San Diego Gas and Electric's filing(s) to initiate a statewide point of purchase rebate, all opt-in EDUs must contribute a minimum percent of base credits for residential EV charging (or net base credit proceeds) to provide

[4] CARB, Resolution 18-17, April 27, 2018.

[5] Public comments were collected and posted on ARB's website: https://www.arb.ca.gov/lispub/comm/bccommlog.php?listname=lcfs18

[6] CARB, Resolution 18-34, September 27, 2018. Other than referencing a "statewide electric utility-run point-of-vehicle-purchase clean fuel rebate program funded by LCFS credit value" and the requirement that the CARB executive officer "update the Board on the proposed program design prior to entering into any governance agreement" for the program, the CARB resolution approving the revised regulations provided no specific guidance on how the CFR program should be administered.

[7] 17 CCR § 95483(c)(1)(A)(1).

[8] Residential EV charging "base credits" are generated by electric distribution utilities (EDUs) from all residential EV charging based on a grid average carbon intensity. These credits are separate from "incremental credits," which are additional credit values generated for residential EV charging with a carbon intensity that is lower than the grid average.

a statewide point of purchase rebate funded exclusively by LCFS credit proceeds, as per the contribution tabulated below:"[9]

EDU category	% Contribution in years 2019 through 2022	% Contribution in years 2023 and subsequent years
Investor-owned Utilities	67%	67%
Large Publicly-owned Utilities	35%	45%
Medium Publicly-owned Utilities	20%	25%
Small Publicly-owned Utilities	0%	2%

Per the contribution table shown in the regulation and above, IOUs are required to contribute 67 percent of their residential EV charging base credits, or base credit revenue, to fund the statewide Clean Fuel Reward program.[10] The revenue from the remaining 33 percent of credits is required to be used to "benefit current or future EV drivers in California"[11], but is otherwise not changed from the existing LCFS regulation on which PG&E's existing approved LCFS Implementation Plan is based.[12]

<u>Changes to PG&E's LCFS Revenue Return Program</u>

In D. 14-12-083, the Commission authorized two mechanisms for revenue return of LCFS credits from residential EV charging: a one-time rebate or an annual bill credit. The new statewide CARB Clean Fuel Reward program meets the one-time rebate requirement authorized to be included in PG&E's LCFS Implementation Plan because it is a one-time upfront rebate for the purchase or lease of a new electric vehicle.

To support the revised LCFS regulation, PG&E will revise its current rebate program and transition to contributing 67 percent of its residential EV charging credits to the entity designated and approved by the CARB to implement the CARB's statewide Clean Fuel Reward program in compliance with the revised CARB LCFS regulation.

The Commission established a mechanism to consider alternative proposals for revenue return under OP 6 of D. 14-12-083, which states that the Energy Division may evaluate additional revenue return approaches via a Tier 2 Advice Letter. PG&E submits this advice submittal pursuant to OP 6 of D.14-12-083 to describe and request approval of the revisions to its LCFS Implementation Plan required by the CARB's revised LCFS regulation, because the contribution of 67 percent of the LCFS revenues to the new statewide reward program after sale of the credits by PG&E is a change from PG&E's

[9] 17 CCR § 95483(c)(1)(A)(1)
[10] 17 CCR § 95483(c)(1)(A)(1)
[11] 17 CCR § 95491(d)(3)(A)(2)
[12] ARB, Resolution 18-34, September 27, 2018.

current program and still complies with the revenue return options authorized by the Commission in D.14-12-083.

PG&E will submit a separate advice submittal, pursuant to OP 6 of D.14-12-083, to propose additional revisions to its Implementation Plan with new revenue return programs for the remaining 33 percent of residential EV charging base credits. Pending approval of both this and the separate advice submittal, PG&E will continue to administer its Implementation Plan in accordance with prior Commission direction.

The revised LCFS regulation only affects PG&E's revenue return of the residential EV charging base credits. As such, no changes will be made at this time to PG&E's annual Clean Fuel Rebate for compressed natural gas (CNG) customers.

PG&E's Proposed Amendment to its Implementation Plan for Compliance with the Statewide Clean Fuel Reward Program

A. Transfer of LCFS Credit Revenue

Because the revised CARB LCFS regulation does not designate the entity to whom PG&E and the other IOUs must contribute their allocated portion of LCFS credits or credit revenues, CARB must designate and/or approve a third-party implementer to whom each utility will contribute LCFS credits or credit revenues to implement the statewide reward program. In addition, CARB Resolution 18-34 requires the CARB Executive Officer to update the CARB Board prior to entering into any governance agreement on the approved CFR program design. Upon CARB approval of the governance agreement and designation and/or approval of the entity to whom PG&E will contribute its LCFS credits or credit revenues, PG&E will sell its LCFS credits and transfer credit revenue to the selected CARB-approved entity in compliance with any CARB governance agreement.

The Commission authorized PG&E to sell LCFS credits in D. 14-05-021 and approved of PG&E's Implementation Plan for selling LCFS credits in Advice Letter 3575-G/4604-E. PG&E will continue selling its LCFS credits according to this authorized plan. PG&E will transfer 67 percent of its residential EV charging base credit revenue to the entity designated and/or approved by the CARB. The ongoing transfer of credit revenue will begin upon approval of this Advice Letter and any supplemental Advice Letter submitted to approve the detailed implementation and governance agreements for the program, as well as approval of SCE's and San Diego Gas & Electric Company's ("SDG&E's") respective Advice Letters implementing the revised LCFS regulations, and will not be applicable to any credits or revenue already accrued.[13]

In addition to the ongoing contributions of 67 percent of the residential LCFS charging base credits and with the approval of the Commission and CARB, PG&E requests approval to contribute additional LCFS credit funds to the CARB designated entity and/or

[13] LCFS credits are generated in PG&E's account approximately three months after the end of any quarter, and additional time will be needed to sell the credits.

administrator to fund initial administrative costs and a minimum liability cost reserve for the CFR program. This initial contribution of LCFS credit funds for initial administrative costs and a minimum liability cost reserve will be subject to any appropriate approval by the CARB after the detailed implementation plans and agreements are finalized.

B. Selection of the Statewide Administrator and Implementer(s)

Subject to CPUC and CARB approval, PG&E understands that SCE has offered to administer the CFR program initially and to lead the competitive selection of a third-party entity or entities to implement the CFR program, subject to appropriate approval by the CARB and CPUC. The selection of SCE as initial administrator and other third-parties as implementing entities will require agreements among SCE, the EDUs including PG&E, the CARB and the third-party implementing entities. Once the agreements are finalized and approved, PG&E would contribute the LCFS credits or credit revenues to the designated entities as required by the revised LCFS regulations, with advisory support from the other stakeholders including PG&E.

SCE's proposed administration of the program and selection of the third-party implementer(s) is described in SCE Advice Letter 3982-E submitted on April 2, 2019. In its advice letter, SCE describes various agreements to be negotiated among SCE, the opt-in utilities, the CARB, and third-party implementing entities for management and implementation of the CFR program. The agreements include, inter alia, a "governance agreement;" a co-funding agreement under which PG&E and other opt-in utilities would reimburse SCE and the third-party implementing entities for all costs of administration; and an indemnification and release agreement under which PG&E and other opt-in utilities would indemnify SCE for any negligence or other liability SCE incurs for its administration of the program, except for its willful misconduct or gross negligence.

SCE in its advice letter also outlines a "waterfall" of funding sources that it proposes to use to satisfy any liability it and the opt-in utilities incur for SCE's administration of the program, including procurement of potential liability insurance for the benefit of itself and the other opt-in utilities; minimum liability insurance requirements for third-party implementing entities; and access to a reserve of LCFS credit revenues to pay any liabilities before SCE's right to indemnification from PG&E and other opt-in utilities would apply.

PG&E supports in concept the framework for mitigating and spreading SCE's liability risks as outlined in SCE's advice letter. However, the scope, authorization and detailed legal and governance agreements to support SCE's "risk mitigation" measures are still largely unknown and to be negotiated. In particular, potentially hundreds of millions of dollars of LCFS base credit revenues that will have been generated by PG&E customers would be transferred under the direction of SCE and to yet-unknown third-party implementing entities under yet-unknown governance and other agreements among SCE, implementing entities, the opt-in utilities, and CARB to administer the CFR program. PG&E intends to work with SCE and the other stakeholders, including the other opt-in utilities and CARB, to draft and finalize these various agreements collaboratively and consensually. PG&E will actively consult with CPUC and CARB staff as the agreements are developed, and intends to seek CPUC approval of the agreements through a supplemental AL when finalized.[14]

C. Administrative Costs

The LCFS regulation requires that the Clean Fuel Reward program will be "funded exclusively by LCFS credit proceeds."[15] Therefore, all administrative costs, including the costs of any joint funding agreement to fund the administrator and other third parties to conduct the program, will need to come from each utility's designated contribution of credits or revenues.

PG&E will also track costs associated with credit sales and transfer of the revenue to the entity or entities designated and/or approved by the CARB to administer the program and receive PG&E's contribution of credits or credit revenues.

Tier Designation

Pursuant to OP 6 of D.14-12-083, this advice submittal is submitted with a Tier 2 designation.

Effective Date

PG&E requests that this advice submittal become effective on regular notice, May 20, 2019, which is 30 calendar days after the date of submittal.

Protests

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than May 8, 2019 which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

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[14] To the extent that PG&E's role in and activities supporting the CFR program are not covered by CARB's existing revised LCFS regulations, or PG&E's role or agreements for the administration or implementation of the CFR program are not considered to be in the ordinary course of PG&E's public utility services while a debtor in Chapter 11 bankruptcy proceedings, PG&E may require Bankruptcy Court approval for its role and activities.

[15] 17 CCR § 95483(c)(1)(A)(1)

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.11-03-012 and R.18-12-006. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/

Erik Jacobson
Director, Regulatory Relations

cc: Service List R.11-03-012 and R.18-12-006

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 E)

Utility type:
- ☑ ELC
- ☐ GAS
- ☐ WATER
- ☐ PLC
- ☐ HEAT

Contact Person: Annie Ho
Phone #: (415) 973-8794
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE
ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5526-E

Tier Designation: 2

Subject of AL: Pacific Gas and Electric Company's Revised Implementation Plan for Contribution to the Low Carbon Fuel Standard Statewide Point-of-Purchase Electric Vehicle Incentive Program

Keywords (choose from CPUC listing): Compliance,

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.14-12-083

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? ☐ Yes ☑ No

Requested effective date:

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Clear Form

PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Albion Power Company
Alcantar & Kahl LLP

Alta Power Group, LLC
Anderson & Poole

Atlas ReFuel
BART

Barkovich & Yap, Inc.
P.C. CalCom Solar
California Cotton Ginners & Growers Assn
California Energy Commission
California Public Utilities Commission
California State Association of Counties
Calpine

Cameron-Daniel, P.C.
Casner, Steve
Cenergy Power
Center for Biological Diversity
City of Palo Alto

City of San Jose
Clean Power Research
Coast Economic Consulting
Commercial Energy
County of Tehama - Department of Public Works
Crossborder Energy
Crown Road Energy, LLC
Davis Wright Tremaine LLP
Day Carter Murphy

Dept of General Services
Don Pickett & Associates, Inc.
Douglass & Liddell

Downey & Brand
East Bay Community Energy
Ellison Schneider & Harris LLP
Energy Management Service
Evaluation + Strategy for Social Innovation
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Charge Networks
Green Power Institute
Hanna & Morton
ICF
International Power Technology
Intestate Gas Services, Inc.
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP
Leviton Manufacturing Co., Inc.
Linde
Los Angeles County Integrated Waste Management Task Force
Los Angeles Dept of Water & Power
MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McKenzie & Associates

Modesto Irrigation District
Morgan Stanley
NLine Energy, Inc.
NRG Solar

Office of Ratepayer Advocates
OnGrid Solar
Pacific Gas and Electric Company

Pioneer Community Energy
Praxair
Regulatory & Cogeneration Service, Inc.
SCD Energy Solutions

SCE
SDG&E and SoCalGas

SPURR
San Francisco Water Power and Sewer
Seattle City Light
Sempra Utilities
Southern California Edison Company
Southern California Gas Company
Spark Energy
Sun Light & Power
Sunshine Design
Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

TransCanada
Troutman Sanders LLP
Utility Cost Management
Utility Power Solutions
Utility Specialists

Verizon
Water and Energy Consulting
Wellhead Electric Company
Western Manufactured Housing Communities Association (WMA)
Yep Energy