

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**Pacific Gas & Electric Company**  
**ELC (Corp ID 39)**  
**Status of Advice Letter 6235E**  
**As of July 21, 2021**

Subject: Revision to Electric Preliminary Statement Part CZ for Recovery of Costs Associated with the Llagas Energy Storage Project Pursuant to Decision 18-10-009

Division Assigned: Energy

Date Filed: 06-23-2021

Date to Calendar: 06-25-2021

Authorizing Documents: D1810009

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>06-23-2021</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Annie Ho

415-973-8794

[PGETariffs@pge.com](mailto:PGETariffs@pge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

The Energy Division of the California Public Utilities Commission has processed your recent Advice Letter (AL) filing and is returning an AL status certificate for your records.

The AL status certificate indicates:

- Advice Letter Number
- Name of Filer
- CPUC Corporate ID number of Filer
- Subject of Filing
- Date Filed
- Disposition of Filing (Accepted, Rejected, Withdrawn, etc.)
- Effective Date of Filing
- Other Miscellaneous Information (e.g., Resolution, if applicable, etc.)

The Energy Division has made no changes to your copy of the Advice Letter Filing; please review your Advice Letter Filing with the information contained in the AL status certificate, and update your Advice Letter and tariff records accordingly.

All inquiries to the California Public Utilities Commission on the status of your Advice Letter Filing will be answered by Energy Division staff based on the information contained in the Energy Division's PAL database from which the AL status certificate is generated. If you have any questions on this matter please contact the:

Energy Division's Tariff Unit by e-mail to  
**[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)**

June 23, 2021

**Advice 6235-E**

(Pacific Gas and Electric Company – U 39 E)

Public Utilities Commission of the State of California

**Subject: Revision to Electric Preliminary Statement Part CZ for Recovery of Costs Associated with the Llagas Energy Storage Project Pursuant to Decision 18-10-009**

**Purpose**

As authorized by Ordering Paragraph (OP) 10 of Decision (D.) 18-10-009, Pacific Gas and Electric Company (PG&E) submits this Tier 1 advice letter to update Electric Preliminary Statement Part CZ – *Distribution Revenue Adjustment Mechanism*, to add a line item to recover costs in connection with the Llagas Energy Storage Project as filed in Application (A.) 17-12-003.

**Background**

In response to Assembly Bill (AB) 2514, The California Public Utilities Commission (Commission or CPUC) issued its *Decision Adopting Energy Storage Procurement Framework and Design Program* (D.13-10-040). D.13-10-040 adopted biennial storage procurement targets for each of the three investor-owned utilities<sup>1</sup> (IOUs), and required the IOUs to file applications by March 1, containing proposals for their respective energy storage procurement solicitations.

On March 1, 2016, PG&E filed its application for approval of its 2016 solicitation plan. On September 20, 2016, the Commission issued D.16-09-007, approving PG&E's application with the additional requirement that PG&E provide identified information in connection with any distribution deferral projects.

After conducting its 2016 Energy Storage Request for Offers (ES RFO) in accordance with its approved 2016 solicitation plan, PG&E filed A.17-12-003 to request for approval of six energy storage agreements, five Capacity Storage Agreements (CSAs) and one

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<sup>1</sup> PG&E, Southern California Edison Company, San Diego Gas & Electric Company

Purchase and Sale Agreement (PSA), as well as cost recovery mechanisms for recovery of the costs associated with the six energy storage agreements.

In A.17-12-003, PG&E proposed that the costs of the CSA be recovered in PG&E's Energy Resource Recovery Account (ERRA)<sup>2</sup> and be reflected in the Procurement Cost Indifference Amount (PCIA), which is consistent with prior Commission policy,<sup>3</sup> and that the costs in connection with the PSA be recorded in a new balancing account line item in PG&E's Distribution Revenue Adjustment Mechanism (DRAM). Below is the proposed and adopted cost recovery for the Llagas Energy Storage Project that was filed in A.17-12-003.

**1. Cost Recovery for 2021-2022**

*For the interim period, 2021-2022, PG&E proposes to reflect \$4.7 million in revenue requirement associated with the project, based on the cost estimates presented in Chapter 5, in its 2020 GRC, contingent upon approval of the application.*

*During 2021-2022, PG&E proposes to use a new Distribution Revenue Adjustment Mechanism (DRAM) balancing account line item described below to capture the actual revenues generated by this resource when it is not prioritized to provide distribution reliability service.*

**2. Cost Recovery Beginning in 2023**

*Assuming that the distribution reliability project is approved in this proceeding, PG&E proposes that beginning in 2023, the revenue requirement for this distribution resource be rolled into PG&E's base revenue requirement as approved in PG&E's 2023 GRC, and be recovered in distribution rates.*

*PG&E proposes to continue to use the new DRAM line item to capture the actual revenues generated by this resource during periods when it is not prioritized to provide distribution reliability service. PG&E proposes that this new DRAM line item be continued for the life of the project.<sup>4</sup>*

On October 11, 2018, the Commission adopted D.18-10-009, which among other things, approved PG&E's Llagas Energy Storage Project to provide 20 megawatts (MW) of

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<sup>2</sup> The CSA contracts will be recorded in the new PABA, which is replacing ERRA for the recording and recovery of procurement contracts costs, and in the PCIA implementation pursuant to D.18-10-019 (Decision Modifying the PCIA Methodology). PCIA-eligible energy storage resources will be treated the same as other resources in the IOU portfolio, and will not be subject to a 10-year limitation on recovery.

<sup>3</sup> D.14-10-045, pp. 26-28, 40, and D.16-09-004, OP 6.

<sup>4</sup> A.17-12-003, p. 7-5.

capacity to help maintain distribution reliability. During periods when this energy resource is not being used to provide distribution reliability services, it is available to generate wholesale market revenues to maximize the value of the resource and reduce the cost of providing the distribution reliability function. OP 10 of D.18-10-009 provides that the cost of the Llagas Energy Storage Project be recovered in PG&E's DRAM:

*The costs of Pacific Gas and Electric Company's Llagas Energy Storage Project is authorized to be recovered in Pacific Gas and Electric Company's distribution revenue adjustment mechanism as a part of Pacific Gas and Electric Company's General Rate Case, offset by net revenues associated with the project from participation in the wholesale energy, ancillary services, and capacity markets during periods when the project is not prioritized to provide distribution reliability service, subject to Pacific Gas and Electric Company's prudent administration of the agreements with Tesla, Inc.*

As a result, PG&E proposes modifications to its DRAM to record revenues associated with the project from participation in the wholesale energy, ancillary services, and capacity markets.

### **Tariff Revisions**

Electric Preliminary Statement Part CZ – *Distribution Revenue Adjustment Mechanism*: Add accounting procedures to record (1) the costs to charge the battery associated with the Llagas Energy Storage Project and (2) CAISO market revenues, net of any related charges, for the Llagas Energy Storage Project.

For your convenience, redline versions of the tariff revisions are included as Attachment 2.

### **Protests**

**\*\*\*Due to the COVID-19 pandemic, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov) and [PGETariffs@pge.com](mailto:PGETariffs@pge.com)\*\*\***

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than , 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, 4<sup>th</sup> Floor  
San Francisco, California 94102

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

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:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
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).

### **Effective Date**

PG&E requests that this Tier 1 advice letter become effective upon date of submittal, which is June 23, 2021.

### **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 A.17-12-003. 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





# 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) #: 6235-E

Tier Designation: 1

Subject of AL: Revision to Electric Preliminary Statement Part CZ for Recovery of Costs Associated with the Llagas Energy Storage Project Pursuant to Decision 18-10-009

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.18-10-009

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: 6/23/21

No. of tariff sheets: 3

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: See Attachment 1

Service affected and changes proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss in AL if more space is needed.

**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](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Sidney Bob Dietz II, 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](mailto:PGETariffs@pge.com)

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

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
50197-E	ELECTRIC PRELIMINARY STATEMENT PART CZ DISTRIBUTION REVENUE ADJUSTMENT MECHANISM Sheet 4	49672-E
50198-E	ELECTRIC TABLE OF CONTENTS Sheet 1	49731-E
50199-E	ELECTRIC TABLE OF CONTENTS Sheet 13	49681-E



**ELECTRIC PRELIMINARY STATEMENT PART CZ**  
**DISTRIBUTION REVENUE ADJUSTMENT MECHANISM**

Sheet 4

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

- aa. A debit entry equal to the billed revenue for Schedule LS-1 decorative street light conversion to LED lights.
- bb. A debit entry to record one-twelfth of the authorized annual revenue requirement, for the Transportation Electrification Balancing Account subaccounts associated with (1) the Charge Smart and Save Program, authorized in Decision (D.)16-12-065, (2) four Priority Review Projects and one evaluation expense subaccount, authorized in D.18-01-024, (3) the Direct Current Fast Charger (Fast Charge) Make-Ready Program, the Medium and Heavy-Duty Vehicle Charging (Fleet Ready) Program, and Program Evaluation expenditures approved in D.18-05-040, (4) the Empower Electric Vehicle Charger Incentive and Education Program, authorized in D.19-09-006, and (5) the EV Charge Parks and EV Charge Schools Pilot Programs, authorized in D.19-11-01
- cc. A debit entry to record PG&E's prorata portion of the authorized Essential Usage Study (EUS) related revenue requirements, exclusive of the Enhanced Web Tool portion and inclusive of RF&U, over the period from when the revenue requirements begins and the completion of the schedule of activities. A corresponding entry is included in the EUSEBA, which excludes an allowance for RF&U.
- dd. A debit entry to record PG&E's prorata portion of the authorized Enhanced Web Tool portion of the EUS related revenue requirements, inclusive of RF&U, over the period from when the revenue requirements begins and the completion of the schedule of activities. A corresponding entry is included in the EUSEBA, which excludes an allowance for RF&U.
- ee. A debit entry equal to one-twelfth (or amortization period approved) of the electric distribution portion of the interim rate relief as authorized by the CPUC in D.19-04-039, D.20-10-026, or future interim rate relief Decisions as authorized by the Commission.
- ff. A debit entry equal to the costs to charge the battery associated with the Llagas Energy Storage Project. (N)
- gg. A credit entry equal to the CAISO market revenues received, net of any related charges, for the Llagas Energy Storage Project. (N)
- hh. A debit entry to record one-twelfth (or amortization period approved) of the adopted Critical Peak Pricing related revenue requirement for the implementation of the new event hours, inclusive of RF&U, over the period from when the adopted revenue requirement begins and the completion of the schedule of activities. A corresponding entry is included in DREBA, which excludes an allowance for RF&U. (T)
- ii. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a 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. (T)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

**TABLE OF CONTENTS**

<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
Title Page.....		<b>50198-E</b>	(T)
Rate Schedules.....	45400,49732,46865,45403,45742,45405,43935,48384-E		
Preliminary Statements.....	45406,44687,42856*, <b>50199</b> ,41723,40591,48082,46682-E		(T)
Rules.....	49704, <b>49733</b> ,46109-E		
Maps, Contracts and Deviations.....	46206-E		
Sample Forms....	40925*, <b>49734</b> ,45743,41573*, <b>49735</b> ,41152*,41153,37769,48385,42829,37169-E		

(Continued)

Advice 6235-E  
Decision

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

Submitted  
Effective  
Resolution

June 23, 2021



**ELECTRIC TABLE OF CONTENTS**

Sheet 13

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
<b>Preliminary Statements (Cont'd)</b>		
Part CG	Utility Generation Balancing Account .....	43449,44453-E
Part CH	Utility Retained Generation Income Tax Memorandum Account .....	20502-E
Part CJ	Negative Ongoing Transition Charge Memorandum Account.....	25999-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account.....	20619-E
Part CP	Energy Resource Recovery Account.....	47630,30255,43452,47631,46212, .....46213,46214,46215,47854,47855-E
Part CQ	Modified Transition Cost Balancing Account.....	43459,45688-E
Part CZ	Distribution Revenue Adjustment Mechanism.....	40829,40544,41717, <b>50197-E</b> (T)

(Continued)

Advice 6235-E  
Decision

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

Submitted  
Effective  
Resolution

June 23, 2021

Advice 6235-E  
June 23, 2021

## **Attachment 2**

### **Redline Tariffs**



**ELECTRIC PRELIMINARY STATEMENT PART CZ**  
**DISTRIBUTION REVENUE ADJUSTMENT MECHANISM**

Sheet 4

CZ. DISTRIBUTION REVENUE ADJUSTMENT MECHANISM (DRAM) (Cont'd.)

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(N)  
|  
|  
(N)  
(T)

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

AT&T  
Albion Power Company

Alta Power Group, LLC  
Anderson & Poole

Atlas ReFuel  
BART

Barkovich & Yap, Inc.  
California Cotton Ginners & Growers Assn  
California Energy Commission

California Hub for Energy Efficiency  
Financing

California Alternative Energy and  
Advanced Transportation Financing  
Authority  
California Public Utilities Commission  
Calpine

Cameron-Daniel, P.C.  
Casner, Steve  
Cenergy Power  
Center for Biological Diversity

Chevron Pipeline and Power  
City of Palo Alto

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

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

East Bay Community Energy Ellison  
Schneider & Harris LLP Energy  
Management Service  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie

Green Power Institute  
Hanna & Morton  
ICF

IGS Energy  
International Power Technology  
Intestate Gas Services, Inc.  
Kelly Group  
Ken Bohn Consulting  
Keyes & Fox LLP  
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated  
Waste Management Task Force  
MRW & Associates  
Manatt Phelps Phillips  
Marin Energy Authority  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

Office of Ratepayer Advocates  
OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority  
Regulatory & Cogeneration Service, Inc.  
SCD Energy Solutions  
San Diego Gas & Electric Company

SPURR  
San Francisco Water Power and Sewer  
Sempra Utilities

Sierra Telephone Company, Inc.  
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  
Utility Cost Management  
Utility Power Solutions  
Water and Energy Consulting Wellhead  
Electric Company  
Western Manufactured Housing  
Communities Association (WMA)  
Yep Energy