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**Advice 6654-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Rate Implementation Plan Pursuant to Decision 22-05-015 to Implement Cost Recovery Associated with Reliability Contracts Procured to Meet the Modified Cost Allocation Mechanism Targets Established in Decision 19-11-016 and Mid-Term Reliability Targets Established in D.21-06-035. Establishment of Electric Preliminary Statement Part JN, Modified Cost Allocation Mechanism Balancing Account**

**Purpose**

The purpose of this advice letter is to request the California Public Utilities Commission (Commission or CPUC) approve: (1) PG&E's Rate Implementation Plan for contracts procured to meet the Modified Cost Allocation Mechanism (MCAM) targets established in Decision (D.) 19-11-016 and contracts to meet Mid-Term Reliability targets established in D.21-06-035, (2) establish Electric Preliminary Statement Part JN, Modified Cost Allocation Mechanism Balancing Account (MCAMBA) which will record contract costs net of energy and Renewable Portfolio Standard (RPS) attribute sales, if any, associated with procurement done on behalf of opt-out load serving entities (LSEs) and/or procurement done on behalf of LSEs that are deficient in meeting assigned procurement targets, and (3) tariff modifications to the Portfolio Allocation Balancing Account (PABA) and the New System Generation (NSGBA) that will allow recovery of the bundled and departing load portion of MCAM procurement or incremental Mid-Term Reliability procurement to be recovered through existing Power Charge Indifference Adjustment (PCIA) and New System Generation Charge (NSGC) rates, as authorized in D.22-05-015.

**Background**

In D.19-11-016, the Commission required the Joint IOUs to procure additional resource generation capacity on behalf of other LSEs in their service territory that either (a) elected to opt out of self-procurement or (b) failed to acquire their share of required capacity after electing to do so. We refer to the procurement for the former situation as "opt-out procurement" and the latter as "backstop procurement." In total, eleven LSEs opted out

of D.19-11-016 requirements, representing approximately 113 megawatts (MW) out of the total 3,300 MW of required capacity. PG&E's portion of the opt-out Procurement was 48.2 MW on top of its bundled customer procurement obligation of 716.7 MW.

**TABLE 1**  
**D.19-11-016 PROCUREMENT TARGETS**

<u>Line No.</u>	<u>Procurement Obligation</u>	<u>MW</u>	<u>Percent of Total</u>	<u>50% Incremental Online 8/1/2021</u>	<u>25% Incremental Online 8/1/2022</u>	<u>25% Incremental Online 8/1/2023</u>	<u>100% Online 8/1/2023</u>
1	PG&E Bundled	719.6	93.7%	359.8	179.9	179.9	719.6
2	Opt-out	48.2	6.3%	24.1	12.05	12.05	48.2
<b>3</b>	<b>Total</b>	<b>767.8</b>	<b>100.0%</b>	<b>383.9</b>	<b>191.95</b>	<b>191.95</b>	<b>767.8</b>

Unlike D.19-11-016, D.21-06-035 did not allow for LSEs to opt out of self-providing capacity but did provide for backstop procurement in the event of failure by one or more LSEs to deliver their share of the capacity and/or energy procurement requirements.

**TABLE 2**  
**D.21-06-035 PROCUREMENT TARGETS**

<u>Line No.</u>	<u>Procurement Obligation</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 LLT Resources*</u>	<u>Minimum zero-emitting capacity by 2025**</u>	<u>Total***</u>
1	PG&E Bundled	400	1,201	300	400	500	2,302

\* The LLT resource requirements are divided into half from long-duration storage and half from firm, zero emitting generation resources. LSEs with an odd-numbered procurement obligation may choose how to round their obligation in whatever way results in the total capacity in this column of the table being delivered.

\*\* The amount in this column is a subset of the 2023, 2024, and 2025 columns, and is therefore not also added to the total for each LSE.

\*\*\* Numbers may not add due to rounding

D.22-05-015 adopts a MCAM charge to ensure that the net costs of electric resource procurement obligations mandated in Decision (D.) 19-11-016 and D.21-06-035 are allocated and recovered in a fair, economical, and legally compliant manner. Ordering Paragraph (OP) 11 requires that PG&E, Southern California Edison, and San Diego Gas and Electric (SDG&E) collectively, the investor-owned utilities (IOU), to submit a Tier 2 advice letter to implement the rate making provisions of the decision, including a discussion of any implementation delays.<sup>1</sup>

<sup>1</sup> OP 11: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each file a Tier 2 advice letter by no later than 60

D.22-05-015 sets forth governing principles and methodologies for the MCAM whereby the costs associated with incremental procurement conducted by the IOUs on behalf of other non-IOU load serving entities (LSE) will be allocated and recovered. Additionally, the Commission noted that the MCAM adopted in 22-05-015 sets precedent for any future backstop procurement authorized in the integrated resources planning (IRP) process where the IOUs are procuring on behalf of some but not all LSEs, unless and until the Commission adopts a more comprehensive programmatic approach to IRP procurement authorizations.

The primary governing principles and methodologies for the MCAM ratemaking, which includes mid-term reliability procurement, are memorialized in OPs 3 – 10, which are summarized below. Generally, the cost recovery concepts in these OPs fall into three buckets: (1) Governing Principle, (2) Cost Allocation and Cost Recovery, and (3) Allocation of Resource Attributes.

#### 1. Governing Principle

OP 3: All load-serving entities with procurement obligations as identified in Decision (D.) 19-11-016, D.21-06-035, and any future procurement order in the context of the integrated resources planning (IRP) process, unless or until procurement orders are replaced with a programmatic IRP framework, are subject to the requirements for cost allocation of procurement costs incurred by an incumbent investor-owned utility on their behalf, as adopted in this decision.

#### 2. Cost Recovery

*PCIA-eligible resources applicable Bundled and Incremental Departing Load Customers vintaged 2019 onwards*

- a. OP 4: For procurement conducted on behalf of bundled customers of the investor-owned utilities (IOU) in 2019 in accordance with Decision 19-11-016, where the load has subsequently migrated to service by another load-serving entity (LSE), the LSE with new load shall have the option to enter into an agreement with the relevant IOU to purchase the system resource adequacy capacity at the Market Price Benchmark calculated in accordance with the provisions of Decision 19-10-001. This is a one-time provision that shall be based on the load of the non-IOU LSE, as mutually agreed between the IOU and the non-IOU LSE, as of the effective date of this decision and shall not include any charges for time periods prior to the effective date of this decision. Any above-market costs that remain shall be assigned a 2019 vintage in the Power Charge Indifference Adjustment amount process for recovery from all

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days after the effective date of this decision to implement the Modified Cost Allocation Mechanism (MCAM) set forth in [D.22-05-15]. These advice letters may also address cost recovery in the case of implementation delays for MCAM and existing balances in each investor-owned utility's memorandum account

customers of the non-IOU LSEs on a non-bypassable basis. Once executed, the IOU(s) shall submit Tier 1 advice letters with all such agreements (one advice letter may contain more than one agreement) by no later than October 1, 2022.

*MCAM for Opt-out LSEs*

- a. OP 5: For customers of load serving entities (LSEs) that opted out of self-providing capacity required by Decision 19-11-016, the opt-out costs and offsetting benefits shall be aggregated by each investor-owned utility into a single bucket for procurement and a single bucket for administrative costs. All of the procurement-related costs, including incremental administrative costs, shall be recorded as debit entries in a balancing account or sub-account specific to the Modified Cost Allocation Mechanism. These costs shall be offset by a credit entry equal to any net energy or other revenues received from the contracts. The remaining net capacity costs shall be recovered from the customers of the LSEs that opted out via a non-bypassable charge.

*MCAM for Deficient LSEs*

- b. OP 6: For customers of load serving entities (LSEs) that fail to provide the capacity required by Decision (D.) 19-11-016 and/or D.21-06-035 and the commission has required backstop procurement as described in D.20-12-044, the backstop procurement costs and offsetting benefits shall be aggregated by each investor-owned utility into a single bucket for procurement and a single bucket for administrative costs. All of the procurement-related costs, including incremental administrative costs, shall be recorded as debit entries in a balancing account or sub-account specific to the Modified Cost Allocation Mechanism. These costs shall be offset by a credit entry equal to any net energy or other revenues received from the contracts. The remaining net capacity costs shall be recovered from the customers of the deficient LSEs via a non-bypassable charge.

*New System Generation Charge (NSGC)*

- c. OP 10: In the event that a non-investor-owned-utility (IOU) load serving entity (LSE) declares bankruptcy or ceases providing retail service in California and has a capacity obligation under Decision (D.) 19-11-016 or D.21-06-035 and their retail customers are paying for capacity under the modified cost allocation mechanism adopted in this decision, the capacity shall revert to the relevant IOU, with the costs of the associated procurement allocated thereafter using the Cost Allocation Mechanism detailed in Decision 06-07-030.

3. Allocation of Resource Adequacy Counting and Voluntary RPS Attribute Allocation

*RA Counting Allocation for Opt-out and Backstop LSEs*

- a. OP 7: System resource adequacy associated with contracts executed pursuant to Decision (D.) 19-11-016 or D.21-06-035 shall be allocated annually to load serving entities that opted out of self-providing capacity and/or failed to procure the requisite capacity, as determined by the Commission in the process outlined in D.20-12-044, in the same manner as under the Cost Allocation Mechanism. For the period when system resource adequacy was not allocated to those load serving entities, the costs under the Modified Cost Allocation Mechanism defined in this decision shall be offset by a credit at the system resource adequacy market price benchmark calculated in accordance with D.19-10-001.

*RPS Voluntary Attribute Allocation for Opt-out and Backstop LSEs*

- b. OP 8: Opt-out procurement associated with Decision (D.) 19-11-016 shall be eligible for voluntary allocation to the relevant load-serving entity (LSE) of renewable attributes in the current round of the voluntary allocation process associated with the current renewables portfolio standard (RPS) compliance period being conducted as ordered in D.21-05-030 and being implemented in Rulemaking 18-07-003, at the price established for RPS attributes of resources subject to voluntary allocation in D.21-05-030. Any future backstop procurement associated with D.19-11-016 and/or D.21-06-035 shall be eligible for a future round of voluntary allocation of renewable attributes to the relevant LSE through the voluntary allocation process ordered in D.21-05-030, should there be another round of allocations in the future. If there is not another round of voluntary allocations in the RPS proceeding, then Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall make available voluntary allocations of RPS attributes only to LSEs on whose behalf they executed backstop procurement, using the same terms and processes associated with D.21-05-030 requirements.

*Voluntary RSP Allocation Process*

- c. OP 9: Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall, if necessary, and within ten days of the effective date of this decision, adjust the process for offers available under the current voluntary allocation process ordered in Decision (D.) 21-05-030 to accommodate the opportunity for voluntary allocation to the relevant load serving entity of renewable attributes associated with opt-out procurement conducted to comply with D.19-11-016.

## **MCAM Rate Implementation Plan and Tariff Modifications**

### **1. MCAM Procurement and Interim Cost Recovery**

PG&E submitted Advice 5826-E on May 18, 2020, which requested approval of seven Energy Storage Contracts, shown in the Table 3 below. The Commission approved these contracts in Resolution E-5100, effective August 27, 2020.

**TABLE 3  
MCAM PROCUREMENT**

Line No.	Counterparty	Project	Technology	Expected COD	Expected IDD	Term (Years)	Size (MW)
1	Dynegy Marketing & Trade, LLC	MOSS 100	Lithium Ion	7/18/2021	10/1/2021	10	100
2	Diablo Energy Storage, LLC	Tranche 1	Lithium Ion	7/18/2021	10/1/2021	15	50
3	Diablo Energy Storage, LLC	Tranche 2	Lithium Ion	7/18/2021	10/1/2021	15	50
4	Diablo Energy Storage, LLC	Tranche 3	Lithium Ion	7/18/2021	10/1/2021	15	50
5	Gateway Energy Storage, LLC	Gateway Energy Storage	Lithium Ion	7/18/2021	10/1/2021	15	50
6	NextEra Energy Resources Development, LLC	Blythe Energy Storage 110	Lithium Ion	7/18/2021	10/1/2021	15	63
7	Coso Batter Storage, LLC	COSO Battery Storage	Lithium Ion	7/18/2021	10/1/2021	16	60
8	<b>Total</b>						<b>423</b>

In addition to approving the contracts, the Commission also approved PG&E's interim cost recovery request.<sup>2</sup> Specifically, PG&E requested it be allowed to recover the costs associated with bundled customer's procurement through the generation rate beginning in 2021 and continue to recover costs through the generation rate until the Commission determined permanent cost recovery in R.20-05-003. The interim cost recovery allowed PG&E to ensure the majority of the costs (93.7%) were recovered timely with deferred recovery relegated to an allocated portion (6.3%) of contract costs associated with the opt-out LSEs, which was recorded to PG&E's Incremental Resource Adequacy Procurement Memorandum Account (IRAPMA).<sup>3</sup>

PG&E also submitted six additional energy storage contracts in Advice 6033-E on December 22, 2020, which the Commission approved in Resolution E-5140, effective April 15, 2021. Table 4 below summarizes the contracts approved in Resolution E-5140.

**TABLE 4  
MCAM PROCUREMENT**

Line No.	Counterparty	Project	Technology	IDD	Term (Years)	Size (MW)
1	Nexus Renewables U.S. Inc	Amcor	Lithium Ion	8/1/2022	15	27
2	Lancaster Battery Storage, LLC	Lancaster Battery Storage	Lithium Ion	8/2/2022	15	127
3	LeConte Energy Storage, LLC	LeConte Energy Storage	Lithium Ion	8/3/2022	15	40
4	<b>Subtotal</b>					<b>194</b>
5	North Central Valley Energy Storage, LLC	NCV Energy Storage	Lithium Ion	8/4/2023	15	132
6	Daggell Solar Power 2, LLC	Daggett 2 BESS	Lithium Ion	8/5/2023	15	46
7	Daggell Solar Power 3, LLC	Daggett 3 BESS	Lithium Ion	8/6/2023	15	15
8	<b>Subtotal</b>					<b>193</b>
9	<b>Total</b>					<b>387</b>

<sup>2</sup> Resolution E-5100, OP 2 and 3.

<sup>3</sup> See Preliminary Statement IF at

[https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC\\_PRELIM\\_IF.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_PRELIM_IF.pdf)

The MCAM procurement target is 767.8 MW and to date, PG&E has executed 13 contracts that are expected to deliver 810 MW of RA benefits, which is slightly over the 767.8 MW target. PG&E will not know until August of 2023 whether all the contracts will reach commercial operation by August of 2023. Thus, the forecast volumes above the target at this point provide a cushion for meeting the commercial operation target dates if certain resources' online dates are delayed and could provide a safety net to support any self-procuring LSEs that have a last-minute deficiency in meeting its 2022 or 2023 procurement targets.

Currently, the first six contracts submitted Advice 5826-E are now all online and delivering although some contracts did have delays in their commercial operational date. We have incurred costs since 2021, which have been split between the ERRA and the IRAPMA pursuant to PG&E's interim cost recovery proposal approved in Resolution E-5100, using the allocation percentages 93.7% allocation to ERRA and 6.3% allocation to IRAPMA.

The 2021 entries to ERRA and IRAPMA are currently being reviewed through the ERRA Compliance Proceeding, which reviews balancing account entries for compliance with PG&E's tariffs and Commission directives. PG&E has provided a forecast for the MCAM contracts in the 2021 and 2022 ERRA Proceedings and the bundled portion was approved for recovery through the generation rate. PG&E's 2023 ERRA Forecast for the MCAM contracts was discussed in Chapter 12 of PG&E testimony, which assumed continued interim cost recovery through generation rates. The details the transition of the MCAM contract costs to rate recovery structure approved in D.22-05-015 are discussed in more detail in more detail in Sections 2 and 3 below.

## **2. Bundled\_Cost Recovery and Transition to PCIA Recovery through the Portfolio Allocation Balancing Account**

OP 4 approves recovery of the bundled customer portion of the resource costs through the PCIA, effective based on the effective date of the Decision, which is May 19, 2022. The decision also affirms that the contracts costs will be vintaged as 2019 resources. PG&E records its balancing account entries on an accrual basis and most recently recorded accrual entries for the June business close. For ease of implementation, PG&E proposes to transition MCAM contract costs associated with the 2019 bundled customer load obligation to PCIA-eligible resource costs, on June 1, 2022, which is the first full month after the effective date of the decision.

Once the Commission approves the Ratemaking Implementation Plan included this advice letter, an allocated portion of MCAM contract costs associated with PG&E's bundled procurement obligation (93.7 percent), will be categorized as PCIA-eligible resource costs on a going forward basis, effective June 1, and will be recorded to the 2019 Vintage Subaccount in the Portfolio Allocation Balancing Account (PABA) using existing line item for bilateral contract obligations. In addition, PG&E will record a proportional share of the value of RA and RPS attributes retained for bundled customer compliance as a credit entry to the 2019 vintage subaccount as it would for any other 2019 PCIA-eligible resource. Also, pursuant to OP 4, a proportional share of the RA and

RPS will be offered for sale (RA) or voluntary allocation (RPS) to LSEs that have vintage departing load customers for vintages 2019. The proportional share will be based on a mutually agreed to forecast of LSE's relevant departing load, i.e., for vintages 2019 or later. The net above market costs for the allocated portion of the MCAM contracts would then be included in vintage PCIA rates for customers departing 2019 or after.

As noted above, PG&E presented the bundled customer's portion of MCAM contract costs in its 2023 ERRA Forecast. Chapter 6 presented total MCAM contract cost and Chapter 12 presented the portion of costs that would have been recovered through the generation rate on an interim basis.

Given the directives in D.22-05-015, PG&E's MCAM Rate Implementation Plan proposes that for the portion of the MCAM contracts (93.7 percent) that are transitioning to PCIA-eligible resource costs be presented in the ERRA Forecast October Update for Chapter 12. That forecast would include the 2023 Forecast of the allocated portion of MCAM contracts that would be PCIA eligible and present the 2019 Vintage subaccount balance in PABA that is attributable to the MCAM contract costs for June 2022 – December 2022 entries. The MCAM Forecast for 2023 that PG&E presented in Chapter 12 is included in Confidential Attachment 3, which assumes all 7 contracts approved in Resolution E-5100 are online and delivering and all six contracts approved in Resolution E-5140 are online and delivering by the end of 2023.

PG&E proposes to present the ratemaking impacts for these contracts as part of its 2023 ERRA October Update, which will also include the net costs recorded to the 2019 vintage PABA Subaccount for the balance of 2022. The forecast costs for 2023 and amortization of the balance in the balancing account attributable to the MCAM procurement would be rolled into the 2023 PCIA revenue requirement presented in Chapter 11 and final rates presented in Chapter 22.

In terms of tariff modifications for the PABA, PG&E is planning on using the existing line items to record the resource costs and energy, RA, and RPS attribute values realized for the allocated portion of the MCAM resource. Thus, the only tariff modification for PABA is to the Purpose, which includes language from D.22-05-015 reflecting the addition of procurement targets authorized in D.19-11-016 and D.21-06-035 for bundled customers are now designated as PCIA-eligible resources, and are vintaged as 2019 resources and 2021 resources, respectively. Those tariff modifications are included in Attachments 1 and 2 to this advice letter.

### **3. IRAPMA balance and MCAM Rate Implementation Timeline**

As discussed in the background section above, pursuant to OP 5, the new MCAM charge will apply to LSEs that opted-out self-procuring its procurement target established in D.19-11-016. The MCAM charge that will apply to the opt-out LSE customers reflects the cost PG&E incurred to procure the resources on behalf the opt-out LSEs, which is effectively

paying for the cost of the MCAM capacity through the new non-bypassable MCAM rate. Additionally, in the future, if a self-procuring LSE is found to be deficient in meeting its procurement targets under either D.19-11-019 directives or D.21-06-035 directives, an MCAM charge applicable to deficient LSEs will apply to the LSE's customers and may be based on a different set of contracts if a separate request for offer (RFO) solicitation is required to secure supply contracts to meet the deficiency. To date, PG&E has gotten no notice of deficiency for any of the self-procuring LSEs in its service territory.

For the opt-out LSEs, PG&E has been incurring costs and those cost have been recorded to the IRAPMA. PG&E originally had seven Energy Service Providers (ESP) and one Community Choice Aggregation (CCA) entity that opted out of self-procuring the D.19-11-016 targets and the total opt-out MW for these LSEs was set at 48.2 MW, which constituted 6.3 percent of the total procurement target, as was shown in Table 1 above.

After Decision 22-05-015 was issued, PG&E consulted with its ESP-Relations team to review the status and activity associated with the opt-out LSEs. PG&E ESP-relations team noted that by January 1, 2021, three of the original opt-out ESPs had ceased serving customers in California and transferred all their respective service accounts to either another LSE or to Transitional Bundled Service (TBS), served under the Transitional Bundled Commodity Cost (TBCC) tariff.<sup>4</sup> By March 1, 2021, all former opt-out LSE customers served under the TBCC tariff had transitioned to be served by another LSE.

PG&E consulted with Energy Division regarding the three ESP that were no longer serving customers and it was determined that the total opt-out MW for these EPS was 1.2 MW. Pursuant to OP 10, the associated costs for LSEs that go bankrupt or are no longer serving load in California can be recovered through the regular CAM, which is recorded to the NSGBA and recovered through the NSGC. Revisions to the original procurement targets are reflected in Table 5 below, which reflects that 1.2 MW of the original 48.2 MW of opt-out procurement is associated with inactive LSEs.

**TABLE 5**  
**REVISED D.19-11-016 PROCUREMENT TARGETS FOR OPT-OUT LSES**

<u>Line No.</u>	<u>Procurement Obligation</u>	<u>MW</u>	<u>Percent of Total</u>	<u>50%</u>	<u>25%</u>	<u>25%</u>	<u>100% Online 8/1/2023</u>
				<u>Incremental Online 8/1/2021</u>	<u>Incremental Online 8/1/2022</u>	<u>Incremental Online 8/1/2023</u>	
1	PG&E Bundled	719.6	93.7%	359.8	179.9	179.9	719.6
2	Active Opt-Out LSEs	47.0	6.1%	23.5	11.75	11.75	47
3	Inactive Opt-Out LSEs	1.2	0.2%	0.6	0.3	0.3	1.2
<b>4</b>	<b>Total</b>	<b>767.8</b>	<b>100.0%</b>	<b>383.9</b>	<b>191.95</b>	<b>191.95</b>	<b>767.8</b>

<sup>4</sup> PG&E's TBCC tariff provides a 60-day safe harbor to departing load customers when their LSE ceases service.

In 2021, total costs recorded to the IRAPMA were \$172,755 and in 2022 an additional \$578,948 was recorded through the June 2022 month-end business close. The balance in the IRAPMA as of the June 30, 2022, is \$751,703, including interest. The portion of MCAM contract costs that were allocated to IRAPMA were allocated using the original allocation factor of 6.3 percent for opt-out LSE procurement. The IRAPMA Subleder summary is included in Confidential Attachment 3.

PG&E's MCAM Implementation Plan is proposing that a new balancing account be established for the MCAM that is attributable to active opt-out LSEs and that a new MCAM subaccount be added to NSGBA for the portion of costs associated with the inactive ESPs' opt-out procurement. Once the Commission approves the MCAM implementation Plan in this advice letter, PG&E would transfer the costs from the IRAPMA to the MCAMBA and the new MCAM subaccount in the NSGBA using revised allocation factors that would split the costs proportionally based on the procurement targets 47 MW and 1.2 MW.

Once the costs in the IRAPMA have been transferred to the new MCAMBA and the new MCAM Subaccount in the NSGBA, PG&E proposes to retire the IRAPMA. Transferred costs would remain MCAMBA and continue to be recorded to the MCAMBA through 2025, as described below.

Costs transferred to the MCAM Subaccount in the NSGBA can be implemented in 2023 CAM rates and the cost transfer will be approximately 2.5 percent of the IRAPMA balance, i.e.,  $1.2 \text{ MW} / 48.2 \text{ MW} = 2.5 \text{ percent}$ . PG&E proposes to include a more detailed showing of the transferred costs and forecast costs for 2023 as part of its 2023 ERRA October Update.

The Preliminary Statement for the new MCAMBA and tariff revisions for the NSGBA the are included in Attachments 1 and 2 of this Advice Letter.

#### *MCAM Administrative Costs and Schedule*

To date, PG&E has not recorded any incremental administrative costs in the IRAPMA but with the issuance of D.22-05-015, PG&E's Billing and Information Technology (IT) implementation teams have more certainty to move forward with planning and programming needed to implement a new MCAM line item on the opt-out customers' bill.

The discussion in D.22-05-015 indicates a preference for a presentation of the MCAM revenues like SCE's "fast lane" presentation, which is similar to SCE's presentation of its CAM revenues. PG&E does not have a similar section on its bill that allows flexibility to provide a customized breakout for subcomponents of the revenues. PG&E's proposal will instead be to simply present a separate line item for MCAM revenues on page 3 of the customer's energy statement.

A mock-up of PG&E's Energy Statement has not yet been finalized however, PG&E plans to display the new MCAM line item on customers' bills as "Modified CAM." The definition

for the new “Modified CAM” will be added to page 2 of the bill, also referred to as “back-of-the-bill” and a proposed definition is:

Modified CAM: Recovers incremental system reliability costs procured by PG&E for customers of load-serving entities that opted out or are short of their of procurement obligations required by the Commission.

PG&E proposes to provide Energy Division an example or mock-up of the Energy Statement as PG&E gets closer to implementation of the MCAM, sometime in 2025.

The current schedule for completing this work is by mid-year 2025 with the first month for implementation expected to be July 1, 2025. The forecast budget for the Billing and IT implementatin work is \$3.5 million - \$5 million. The costs for implementing the billing and programing work associated with the new MCAM will be amortized over a reasonable period (24 to 36 months) and will be split between opt-out LSEs and other deficient LSEs required that pay the MCAM, if any.

PG&E’s 2025 ERRA Forecast would propose specific ratemaking for the MCAM rate along with a proposed amortization period for the implementation costs.

### **Tariff Revisions for Summer Reliability Procurement authorized in D.21-03-056 and 21-12-015 for Summer 2022 and Summer 2023**

In addition to tariff modifications implementing the directives of the MCAM Decision, D.22-05-015, this advice letter requests approval tariff modifications to Preliminary Statement FS - NSGBA, Preliminary Statements HS – PABA, and Preliminary Statement CP – ERRA to include reference to the Commission’s updated “Summer Reliability Procurement” authorized D.21-12-015 for Summer 2022 and Summer 2023.

Most revisions are in NSGBA, Preliminary Statement FS, which has four subsections in the System Reliability Incremental Procurement Subaccount, which describe the procurement transactions authorized to meet the original and updated procurement targets for emergency and summer reliability. The revisions to these existing line items either add a citation to D.21-12-015 where the Commission updated the incremental procurement targets for Summer 2022 and Summer 2023 or replace a citation to D.21-03-056. PG&E also expanded the “Purpose” Section of the preliminary statement to include a list of directives that govern the incremental summer/emergency reliability procurement.

The original summer reliability entries in these preliminary statements cited to the initial authorizations approved in D.21-02-028 and D.21-03-056. D.21-12-015 instructed the IOUs to solicit additional resources for summers 2022 and 2023, including a new target range of 900 MW to 1,350 MW for PG&E for each of the June – October summer months of 2022 and 2023. Resource types to be considered for procurement include Resource Adequacy (RA)-only contracts and incremental capacity from revised power purchase agreements. Import Energy contracts also continue to be procured to meet the updated summer reliability targets.

The ERRA, Preliminary Statement CP and the PABA, Preliminary Statement HS have no more than three line items that deal with transfers of RA costs and benefits between PABA or ERRA to the NSGBA when either existing bundled or PCIA-eligible resources are available (in excess) and can support the summer reliability targets recovered in the NSGBA or when summer reliability incremental procurement is used to support bundled customer compliance needs (transfer to ERRA only).

PG&E has also updated ERRA "Purpose" section to provide a complete list of procurement-related balancing accounts which generally correspond to a specific technology type or transaction type that are recovered in procurement-related non-bypassable charge balancing accounts and therefore, naturally excluded from ERRA.

PG&E requests that the Commission approve these clarifying tariff revisions.

### **Tariff Revisions**

As discussed above, Clean and redline versions of PG&E's new MCAMBA, and revisions to the Preliminary Statements FS, HS, and CP are included in Attachments 1 and 2, respectively.

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than August 8, 2022, which is 21 days<sup>5</sup> after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

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

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<sup>5</sup> Pursuant to Rule 1.5 of General Order 96-B, PG&E requests to extend the protest period by one additional day because twenty days following submission of this advice letter is Sunday, August 7, 2022.

factual information or legal argument; name and 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**

Pursuant to General Order (GO) 96-B, Rule 5.1, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective 30 days after the date of submittal, which is August 17, 2022.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service lists for R.20-05-003 and A.22-05-029. 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/

\_\_\_\_\_  
Sidney Bob Dietz II  
Director, Regulatory Relations

### Attachments

- Attachment 1 – Tariffs
- Attachment 2 – Redline Tariffs
- Attachment 3 – Redacted Attachment
- Attachment 4 – Confidentiality Declaration

cc: Service Lists R.20-05-003 and A.22-05-029



# 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) #: 6654-E

Tier Designation: 2

Subject of AL: Rate Implementation Plan Pursuant to Decision 22-05-015 to Implement Cost Recovery Associated with Reliability Contracts Procured to Meet the Modified Cost Allocation Mechanism Targets Established in Decision 19-11-016 and Mid-Term Reliability Targets Established in D.21-06-035. Establishment of Elect

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.19-11-016, D.21-06-035

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

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

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: See Confidentiality Declaration & Matrix Attachment  
 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: Donna Barry, DLBf@pge.com

Resolution required?  Yes  No

Requested effective date: 8/17/22      No. of tariff sheets: 21

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

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
53708-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 1	47630-E
53709-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 3	52558-E
53710-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 4	47631-E
53711-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 5	50582-E*
53712-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 1	50045-E
53713-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 2	50005-E
53714-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 3	50047-E
53715-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 4	50048-E
53716-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 5	50049-E
53717-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 6	50050-E
53718-E	ELECTRIC PRELIMINARY STATEMENT PART FS NEW SYSTEM GENERATION BALANCING ACCOUNT Sheet 7	
53719-E	ELECTRIC PRELIMINARY STATEMENT PART HS PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA) Sheet 3	50051-E
53720-E	ELECTRIC PRELIMINARY STATEMENT PART JN MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT Sheet 1	

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
53721-E	ELECTRIC PRELIMINARY STATEMENT PART JN MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT Sheet 2	
53722-E	ELECTRIC PRELIMINARY STATEMENT PART JN MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT Sheet 3	
53723-E	ELECTRIC PRELIMINARY STATEMENT PART JN MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT Sheet 4	
53724-E	ELECTRIC TABLE OF CONTENTS Sheet 1	53705-E
53725-E	ELECTRIC TABLE OF CONTENTS Sheet 13	53567-E
53726-E	ELECTRIC TABLE OF CONTENTS Sheet 16	52261-E
53727-E	ELECTRIC TABLE OF CONTENTS Sheet 17	53706-E
53728-E	ELECTRIC TABLE OF CONTENTS Sheet 18	53707-E



**ELECTRIC PRELIMINARY STATEMENT PART CP**  
**ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 1

**CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)**

1. **PURPOSE:** The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, associated with PG&E's authorized procurement plan, and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA are applicable solely to PG&E's bundled customers while power costs incurred on behalf of both bundled and departing load customers are recorded in the Portfolio Allocation Balancing Account, the Modified Transition Cost Balancing Account (MTCBA), the New System Generation Balancing Account (NSGBA), the BioMAT Non-bypassable Charge Balancing Account (BNBCBA), the Tree Mortality Non-bypassable Charge Balancing Account (TMNBCBA), and the Public Policy Charge Procurement Subaccount (included in the Public Policy Charge Balancing Account (PPCBA)).

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(Continued)

Advice 6654-E  
Decision 19-11-016, D.21-06-035

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted July 18, 2022  
Effective  
Resolution



**ELECTRIC PRELIMINARY STATEMENT PART CP  
ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 3

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

- 2. **APPLICABILITY:** The ERRA shall apply to all customer classes, except for those specifically excluded by the Commission.
- 3. **REVISION DATES:** Disposition of the balance in the account shall be through the Annual Electric True-Up advice letter process, as authorized by the CPUC in the annual ERRA Forecast proceeding or an ERRA Trigger Application, including the provision that disposition of the year-end balance shall be to the PABA upon submission (where a Tier 1 advice letter is currently required) or approval (where a Tier 2 advice letter is currently required) by the Commission of the applicable compliance advice letter addressing such balance.

4. **RATES:** The ERRA rate is set forth in electric Preliminary Statement Part I. (L)

5. **ACCOUNTING PROCEDURES:** The CPUC-jurisdictional portion of all entries shall be made at the end of each month, or as applicable, excluding the allowance for Revenue Fees and Uncollectible (RF&U) Accounts expense, as follows:

Customer Billed Revenue Entries:

- a) A credit entry equal to the revenue from the generation rates less the recorded revenues from the: (1) PCIA rates (as defined in Part I of PG&E's electric Preliminary Statement (PS)), (2) Power Charge Collection Balancing Account (as defined in Part I of PG&E's electric PS), (3) DWR Franchise Fees (as defined in Part I of PG&E's electric PS);
- b) A credit entry equal to revenues received from Electric Schedule TBCC, (Transitional Bundled Commodity Cost);

(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART CP  
ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 4

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd)

Retained RPS and RA Value Entries:

- c) A debit entry equal to the Retained Renewable Portfolio Standard (RPS) Value, determined using the most current Commission-adopted RPS Adder, multiplied by Actual Retained RPS quantities. A corresponding credit entry equal the Retained RPS Value is recorded in PABA, MTCBA, and the BNBCBA.
- d) A debit or credit entry to true-up the Retained RPS Value, determined using the Forecast RPS Adder to the Retained RPS Value using the Final RPS Adder. A corresponding credit or debit entry equal to the true-up of the Retained RPS Value is recorded in PABA, MTCBA, and the BNBCBA.
- e) A debit entry equal to the Retained Resource Adequacy (RA) Value, determined using the most current Commission-adopted RA Adder, multiplied by the Actual Retained RA quantities. A corresponding credit entry equal to the Retained RA Value is recorded in PABA, MTCBA, and the BNBCBA.
- f) A debit or credit entry to true-up the Retained RA Value, determined using the Forecast RA Adder to the Retained RA Value using the Final RA Adder. A corresponding credit or debit entry equal to the true-up of the Retained RA Value is recorded in PABA and MTCBA. (L)  
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(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART CP  
ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 5

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd)

- g) A credit entry to transfer an allocated portion of the cost for import capacity rights to the NSGBA if PG&E uses existing PGE-owned import allocation rights to meet the updated procurement targets pursuant to D.21-02-028 or D.21-03-056, and 21-12-015. The credit entries will be based on either the average price PG&E received for sales of its excess maximum import capability or, if not available or representative of market value, another reasonable market benchmark. (L)  
(L)  
(T)  
(T)
- h) A debit entry to reflect the resource adequacy (RA) value of procurement originally directed in the Emergency Reliability proceeding, Rulemaking 20-11-003 and Rulemaking 21-10-002 , including resources procured pursuant to D.21-02-028, D.21-03-056, and D.21-12-015, that are transferred to ERRA to meet bundled service RA compliance requirements. The contract costs and energy benefits of the Emergency and Summer Reliability procurement, if any, will continue to be allocated to all benefitting customers through the NSGBA. (T)  
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(T)  
(T)

System RA Value Transferred to the New System Generation Balancing Account (NSGBA):

- i) A credit entry equal to the value of RA that is excess or unsold RA capacity and that is transferred to the System Reliability Incremental Procurement Subaccount of NSGBA in order to meet the updated procurement targets pursuant to D.21-12-015, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% planning reserve margin. The credit entry will use the most current market price benchmark for system RA, which is approved in the annual ERRA Forecast, and used to value RA capacity in the PCIA calculation. (T)  
(T)

Utility-Owned Generation Related Entries:

- j) A debit or credit entry, as appropriate, to record ESA costs associated with bundled customer portfolio/procurement activity (which is embedded in the annual authorized revenue requirements associated with PG&E's owned generation).

CAISO Related Entries:

- k) A debit or credit entry equal to the net charges or revenues for energy associated with load and generating resources recovered in ERRA and the New System Generation Balancing Account (NSGBA);

(Continued)

Advice	6654-E	Issued by	Submitted	July 18, 2022
Decision	19-11-016, D.21-06-035	<b>Meredith Allen</b>	Effective	
		Vice President, Regulatory Affairs	Resolution	





**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 2

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

- 2. APPLICABILITY: The NSGBA shall apply to all benefiting customers and customer classes, except for those specifically excluded by the Commission. (L)
- 3. REVISION DATES: The balancing account shall be trued-up annually. |
- 4. RATES: The Cost Allocation Methodology (CAM) rate recovers the net capacity costs associated with NSGBA resources and is set forth in the applicable customer rate schedules. |
- 5. ACCOUNTING PROCEDURES: The CPUC-jurisdictional portion of all entries shall be made at the end of each month as follows:
  - a) Revenues – the following entry reflects the revenue entry equal to the CAM rate recovering net capacity costs from all CAM-eligible resources. |
    - A credit entry equal to the revenue from the CAM rate from non-exempt retail customers during the month, excluding the allowance for Revenue Fees and Uncollectible (RF&U) accounts expense; |
  - b) Net Capacity Costs - the following entries reflect the net capacity costs associated with eligible resources, by subaccount: |
    - 1. QF/CHP Program Subaccount |
      - i. A debit entry equal to the capacity and energy costs for eligible QF/CHP Program contracts; |
      - ii. A credit entry equal to the energy revenues as established in Appendix A of D.07-09-044, Section IX.B.2 for eligible QF/CHP Program contracts. |
      - iii. Total QF/CHP Program net capacity costs are equal to the sum of lines 5.b.1.i and 5.b.1.ii. (L)
    - 2. Marsh Landing Power Purchase Agreement (PPA) Subaccount |
      - i. A debit entry equal to the capacity and energy costs for the Marsh Landing PPA; |
      - ii. A credit entry equal to the energy revenues, if any, as established in Appendix A of D.07-09-044, Section IX.B.2 for the CAM-eligible Marsh Landing PPA. |
      - iii. Total Marsh Landing PPA net capacity costs are equal to the sum of lines 5.b.2.i and 5.b.2.ii. |
    - 3. Vistra Moss Landing Energy Storage Resource Adequacy Agreement (ESRAA) Subaccount |
      - i. A debit entry equal to the contract costs (e.g. capacity and any other charges under the terms of the contract) for the Vistra Moss Landing ESRAA; |
      - ii. A debit entry equal to the costs to charge the battery; |
      - iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the CAM-eligible Vistra Moss Landing ESRAA: |

(L)  
(L)



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 3

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

- 4. Hummingbird Energy Storage Resource Adequacy Agreement (ESRAA) Subaccount (L)
  - i. A debit entry equal to the contract costs (e.g. capacity and any other charges under the terms of the contract) for the Hummingbird ESRAA;
  - ii. A debit entry equal to the costs to charge the battery;
  - iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the CAM-eligible Humminbird ESRAA:
- 5. mNOC AERS Behind-the-Retail Meter Capacity Storage Agreement (BTM CSA) Subaccount
  - i. A debit entry equal to the contract costs (e.g. capacity and any other charges under the terms of the contract) for the mNOC AERS BTM CSA;
  - ii. A debit entry equal to the costs to charge the battery;
  - iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the CAM-eligible mNOC AERS BTM CSA:
- 6. Elkhorn Energy Storage Facility Subaccount
  - i. A debit entry equal to the revenue requirement associated with operations and actual capital costs incurred related to the Elkhorn project up to the adopted amount. Capital related revenue requirements include depreciation expense, the return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment;
  - ii. A debit entry equal to the costs to charge the battery;
  - iii. A credit entry equal to the CAISO market revenues received, net of any charges, for the CAM-eligible Elkhorn Energy Storage Facility: (L)
- 7. Centralized Local Procurement Subaccount
  - i. A debit/credit entry equal to the capacity, fuel, and GHG compliance costs for non-utility contract resources procured by the CPE, including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
  - ii. A debit/credit entry equal to the capacity, fuel, and GHG compliance costs for PG&E contract resources procured by the CPE, including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
  - iii. A debit/credit entry equal to the authorized revenue requirement, fuel costs, and GHG compliance costs, if any, for PG&E UOG resources procured by the CPE , including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
  - iv. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges received by the buyer from the seller as defined in the contract terms and conditions associated with non-utility and PG&E contract resources and PG&E UOG resources procured by the CPE; (L)

(L)  
(Continued)(L)



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 4

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

- 7. Centralized Local Procurement Subaccount (Cont'd) (L)
  - v. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to non-utility and PG&E contract resources and PG&E UOG resources procured by the CPE;
  - vi. A debit entry equal to costs incurred by PG&E (acting as the CPE) as a result of deferring the procurement of local resource(s) and utilizing the California Independent System Operator's (CAISO's) backstop mechanisms.
  - vii. Administrative costs associated with the CPE role, including but not limited to employee and consultant costs, legal fees, technology systems costs, and credit-related costs associated with CPE procurement of non-utility contracted resources and PG&E contracted resources, including pre-payments and credit and collateral payments, including all associated fees, associated with PG&E's role as the designated CPE in its distribution service area.
  - viii. Total net capacity costs are equal to the sum of lines 5.b.3.i, 5.b.3.ii, 5.b.3.iii., 5.b.3.iv, 5.b.3.v, 5.b.3.vi, and 5.b.3.vii. (L)
- 8. Modified Cost Allocation Mechanism Subaccount (N)
  - i. A debit entry equal to the opt-out and backstop resource costs associated with MCAM procurement where the LSE is no longer serving customers in PG&E's service territory (e.g., capacity and energy, if applicable, under the terms of the contract).
  - ii. A debit entry equal to any associated fuel costs for the MCAM resource.
  - iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the MCAM resource, including costs to charge the resource if it is a battery storage resource.
  - iv. A credit entry for the RPS attribute at the price established for RPS attributes subject to voluntary allocation in D.21-05-030. The MCAM RPS attributes, if any, will be included in the next available round of the voluntary allocation process associated with the current renewables portfolio standard (RPS) compliance implemented in Rulemaking 18-07-003. (N)

(L)  
(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 5

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

9. System Reliability Incremental Procurement

A. Amendments to Existing Purchase Power Agreements for Incremental Energy

- i. A debit/credit entry equal to the incremental energy costs for 10 amended contracts authorized in D.21-02-028 and approved in Advice Letter 6088-E, and incremental energy costs for contract amendments that support updated Summer Reliability Targets for Summer 2022 and Summer 2023, as authorized in D.21-12-015 which will deliver incremental energy during a CAISO system emergency or Flex Alert including administrative costs associated with the procurement (e.g., Independent Evaluator expenses);
- ii. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering incremental energy;
- iii. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering incremental energy.

B. Firm Import Energy

- i. A debit/credit entry equal to the energy costs for two firm energy import agreements authorized in D.21-02-028 and approved in Advice Letter 6089-E, and energy costs for import energy that support updated Summer Reliability Targets for Summer 2022 and Summer 2023, as authorized in D.21-12-015, including administrative costs associated with the procurement (e.g., Independent Evaluator expenses).
- ii. A debit entry to record the costs resulting from the transfer of allocated portion of the import capacity rights to the NSGBA, pursuant to D.21-03-056, related to the use of existing import capacity rights to meet procurement targets in D.21-03-056 and updated procurement targets for Summer 2022 and Summer 2023 as authorized in D.21-12-015. Debit entries will be based on either the average price PG&E received for sales of its excess maximum import capability or, if not available or representative, another reasonable market benchmark.
- iii. A debit entry to record the costs associated with procured import capacity rights pursuant to D.21-03-056 related to the use of import capacity rights to meet procurement targets in D.21-03-056, and updated procurement targets for Summer 2022 and Summer 2023 as authorized in D.21-12-015.
- iv. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering energy.

(Continued)

Advice 6654-E  
Decision 19-11-016, D.21-06-035

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

July 18, 2022



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 6

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

9. System Reliability Incremental Procurement

B. Firm Import Energy (cont'd)

v. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering energy. (T)/(L)  
(L)

C. System Reliability Procurement authorized in D.21-03-056 and D.21-12-015 (L)

i. A debit/credit entry for procurement costs authorized in D.21-03-056 and D.21-12-015 – but not already included in Sections A and B of this subaccount above – to reach the updated 900 – 1,350 MW incremental target above PG&E's existing 15% planning reserve margin and any administrative costs associated with the incremental procurement (e.g., Independent Evaluator expenses) for Summer 2022 and Summer 2023. (L)/(T)  
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(D)

ii. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering incremental energy. (T)

iii. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering incremental energy. (T)

D. Transfer of Resource Adequacy Value for System Reliability Incremental Procurement to ERRA from NSGBA and/or transfer of Excess RA Capacity from Other Accounts to NSGBA to meet System Reliability Incremental Procurement Targets.

i. A credit entry to transfer to ERRA costs associated with the value of RA capacity for procurement ordered as a result of the Emergency Reliability proceeding, Rulemaking 20-11-003, including contracts procured pursuant to D.21-02-028, D.21-03-056, and D.21-12-015, in the months when such contracts are used to meet bundled service customers RA compliance requirements. Energy costs and benefits associated with contracts procured pursuant to D.21-02-028, D.21-03-056, and D.21-12-015, will continue to be allocated to all benefitting customers through the NSGBA. (T)  
(T)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 7

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

9. System Reliability Incremental Procurement (Cont'd)

D. Transfer of Resource Adequacy Value for System Reliability Incremental Procurement to ERRA from NSGBA and/or transfer of Excess RA Capacity from Other Accounts to NSGBA to meet System Reliability Incremental Procurement Targets. (Cont'd)

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ii. A debit entry to record costs associated with the value of the RA capacity transferred from PABA, ERRA, or the Modified Cost Allocation Mechanism Balancing Account (MCAMBA) that are excess or unsold RA capacity or proxy RA resources. The RA capacity value recorded in NSGBA reflects the use of the capacity to meet the updated system reliability incremental procurement targets pursuant to D.21-03-056 and D.21-12-015, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% RA planning reserve margin requirements. The debit entry will be calculated using the most current market price benchmark for system RA approved in the annual ERRA Forecast, which is used to calculate the value of RA in the Power Charge Indifference Amount (PCIA) calculation.

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(L)/(T)  
(L)

c) Interest – the following entry equals the interest applied to the sum of revenues and net capacity costs for each subaccount for the month.

1. A monthly entry equal to interest on the average balance in the sum of the subaccounts at the beginning of the month and the balance in the sum of the subaccounts after the above entries, at a rate equal to one-twelfth of the 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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Advice 6654-E  
Decision 19-11-016, D.21-06-035

Issued by  
**Meredith Allen**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

July 18, 2022



**ELECTRIC PRELIMINARY STATEMENT PART HS**  
**PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)**

Sheet 3

HS. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

5. ACCOUNTING PROCEDURES: (Cont'd.)

Retained RPS and RA Value Entries:

- h. A credit entry equal to the Retained RPS Value, determined using the most current Commission-adopted RPS Adder multiplied by Actual Retained RPS quantities. A corresponding debit entry equal to the Retained RPS Value is recorded in ERRA.
- i. A debit or credit entry to true-up the Retained RPS Value, determined using the Forecast RPS Adder to the Actual Retained RPS Value using the Final RPS Adder. A corresponding credit or debit entry equal to the true-up of the Retained RPS Value is recorded in ERRA.
- j. A credit entry equal to the Retained RA Value, determined using the most current Commission-adopted RA Adder, multiplied by the Actual Retained RA quantities. A corresponding debit entry equal to the Retained RA Value is recorded in ERRA.
- k. A debit or credit entry to true-up the Retained RA Value, determined using the Forecast RA Adder to the Retained RA Value using the Final RA Adder. A corresponding credit or debit entry equal to the true-up of the Retained RA Value is recorded in ERRA.

System RA Value Transferred to the System Reliability Incremental Procurement Subaccount in New System Generation Balancing Account (NSGBA):

- l. A credit entry equal to the value of RA capacity that is excess or unsold RA capacity that is transferred to the System Reliability Incremental Procurement Subaccount of NSGBA and used to meet the updated system reliability incremental procurement targets pursuant to D.21-12-015, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% planning reserve margin. The credit entry will use the most current market price benchmark for system RA approved in the Annual ERRA Forecast, which is used to calculate the value of RA capacity in the PCIA calculation. (T)

Utility-Owned Generation Related Entries:

- m. A debit entry equal to one-twelfth of the electric generation portion of revenue requirement associated with the CPUC authorized pension contribution amount.
- n. A debit entry equal to the annual authorized revenue requirements associated with PG&E's owned generation divided by twelve, excluding PCIA-eligible UOG resource costs that have been procured by the Central Procurement Entity (CPE) for recovery through the New System Generation Charge (NSGC) and recorded to the Centralized Local Procurement Subaccount (CLPSA) of the New System Generation Balancing Account (NSGBA).
- o. A debit or credit entry, as appropriate, to record ESA costs associated with PCIA eligible generation resources portfolio/ procurement activity (which is embedded in the annual authorized revenue requirements associated with PG&E's owned generation).
- p. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric generation non-depreciable asset, as approved by the CPUC.
- q. A debit entry equal to one-twelfth of the annual authorized revenue requirement for the Diablo Canyon Power Plant Employee Retention Program (see corresponding entry in the Employee Retention Subaccount of the Diablo Canyon Retirement Balancing Account (DCRBA) per Preliminary Statement HK, 5b.1).

(Continued)

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**ELECTRIC PRELIMINARY STATEMENT PART JN**  
**MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**

Sheet 2

(N)  
(N)

JN. Modified Cost Allocation Mechanism Balancing Account

(N)

7. ACCOUNTING PROCEDURE: The following entries will be made each month, or as applicable:

(N)

a. D.19-11-016 Opt-Out LSE Subaccount

1. Revenues – the following entry reflects the revenue entry for Opt-out LSE customers equal to the MCAM rate recovering an allocated portion of net capacity costs.

i. A credit entry equal to the revenue from the MCAM rate from Opt-out LSE customers during the month, excluding the allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

2. Net Capacity Costs - the following entries reflect the net capacity costs associated with eligible resources in this subaccount:

i. A debit entry equal to the Opt-out LSE resource costs associated with MCAM procurement (e.g., capacity and energy, if applicable, under the terms of the contract).

ii. A debit entry equal to any associated fuel costs for the Opt-out MCAM resources.

iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the Opt-out MCAM resources, including costs to charge the resources if it is a battery storage resource.

iv. A credit entry for the RPS attribute at the price established for RPS attributes subject to voluntary allocation in D.21-05-030. The Opt-out MCAM resources' RPS attributes, if any, will be included in the next available round of the voluntary allocation process associated with the current renewables portfolio standard (RPS) compliance implemented in Rulemaking 18-07-003.

3. System RA Value Transferred to the New System Generation Balancing Account (NSGBA):

i. A credit entry equal to the value of the proxy RA resource that is transferred to the System Reliability Incremental Procurement Subaccount of the NSGBA to meet the incremental system reliability procurement targets pursuant to D.21-03-056 and D.21-12-015. The credit entry will use the most current market price benchmark for system RA capacity, which is approved in the Annual Energy Resource Recovery Account (ERRA) Forecast and used to value RA capacity in the Power Charge Indifference Amount (PCIA) calculation.

(N)

(Continued)

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**ELECTRIC PRELIMINARY STATEMENT PART JN**  
**MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**

Sheet 3

(N)  
(N)

JN. Modified Cost Allocation Mechanism Balancing Account

(N)

7. ACCOUNTING PROCEDURE: (Cont'd)

(N)

a. D.19-11-016 Opt-Out LSE Subaccount (Cont'd)

4. Interest

a. An entry equal to interest on the average balance in the subaccount 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 the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

b. Deficient LSE Subaccount

1. Revenues – the following entry reflects the billed revenue entry equal from customers for the MCAM Deficiency rate recovering net capacity costs for a pool of deficient LSEs.

i. A credit entry equal to the revenue from the MCAM Deficiency rate from Deficient LSE customers during the month, excluding the allowance for Revenue Fees and Uncollectible (RF&U) accounts expense.

2. Net Capacity Costs - the following entries reflect the net capacity costs associated with eligible resources in this subaccount:

i. A debit entry equal to backstop resource costs associated with MCAM procurement done on behalf of Deficient LSE(s) (e.g., capacity and energy, if applicable, under the terms of the contract).

ii. A debit entry equal to any associated fuel costs for the MCAM resource for Deficient LSE(s).

iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the MCAM resource of Deficient LSE(s), including costs to charge the resource if it is a battery storage resource.

iv. A credit entry for the RPS attribute at the price established for RPS attributes subject to voluntary allocation in D.21-05-030. The MCAM RPS attributes of Deficient LSE(s), if any, will be included in the next available round of the voluntary allocation process associated with the current renewables portfolio standard (RPS) compliance implemented in Rulemaking 18-07-003.

(N)

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Advice 6654-E  
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**ELECTRIC PRELIMINARY STATEMENT PART JN**  
**MODIFIED COST ALLOCATION MECHANISM BALANCING ACCOUNT**

Sheet 4

(N)  
(N)

JN. Modified Cost Allocation Mechanism Balancing Account

(N)

7. ACCOUNTING PROCEDURE: (Cont'd)

(N)

b. Deficient LSE Subaccount (Cont'd)

3. System RA Value Transferred to the New System Generation Balancing Account (NSGBA):

i. A credit entry equal to the value of the proxy RA resource that is transferred to the System Reliability Incremental Procurement Subaccount of the NSGBA to meet the system reliability incremental procurement targets pursuant to D.21-03-056 and D.21-12-015. The credit entry will use the most current market price benchmark for system RA capacity, which is approved in the Annual Energy Resource Recovery Account (ERRA) Forecast and used to value RA capacity in the Power Charge Indifference Amount (PCIA) calculation.

4. Interest

a. An entry equal to interest on the average balance in the subaccount 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 the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

(N)

(Continued)

Advice 6654-E  
Decision 19-11-016, D.21-06-035

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July 18, 2022





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## **Attachment 2**

### **Redline Tariffs**



**ELECTRIC PRELIMINARY STATEMENT PART CP**  
**ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 1

**CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)**

1. **PURPOSE:** The purpose of the Energy Resource Recovery Account (ERRA) is to record and recover power costs, associated with PG&E's authorized procurement plan, and California Public Utilities Code § 454.5(d)(3). Power costs recorded in ERRA are applicable solely to PG&E's bundled customers while power costs incurred on behalf of both bundled and departing load customers are recorded in the Portfolio Allocation Balancing Account, the Modified Transition Cost Balancing Account (MTCBA), the New System Generation Balancing Account (NSGBA), and the BioMAT Non-bypassable Charge Balancing Account (BNBCBA), and the Tree Mortality Non-bypassable Charge Balancing Account (TMNBCBA), and the Public Policy Charge Procurement Subaccount (included in the Public Policy Charge Balancing Account (PPCBA)).

(T)  
|  
(T)

(Continued)

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**ELECTRIC PRELIMINARY STATEMENT PART CP  
ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 5

CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd)

- f) A debit or credit entry to true-up the Retained RA Value, determined using the Forecast RA Adder to the Retained RA Value using the Final RA Adder. A corresponding credit or debit entry equal to the true-up of the Retained RA Value is recorded in PABA and MTCBA. (T)
- g) A credit entry to transfer an allocated portion of the cost for import capacity rights to the NSGBA if PG&E uses existing PGE-owned import allocation rights to meet the updated procurement targets pursuant to D.21-02-028 or D.21-03-056, and 21-12-015. The credit entries will be based on either the average price PG&E received for sales of its excess maximum import capability or, if not available or representative of market value, another reasonable market benchmark. (T)
- h) A debit entry to reflect the resource adequacy (RA) value of procurement originally directed in the Emergency Reliability proceeding, Rulemaking 20-11-003 and Rulemaking 21-10-002, including resources procured pursuant to D.21-02-028, and D.21-03-056 and D.21-12-015, that is-are transferred to ERRA to meet bundled service RA compliance requirements. The contract costs and energy benefits of the Emergency and Summer Reliability procurement, if any, will continue to be allocated to all benefitting customers through the NSGBA.

System RA Value Transferred to the New System Generation Balancing Account (NSGBA):

- i) A credit entry equal to the value of RA that is excess or unsold RA capacity and that is transferred to the System Reliability Incremental Procurement Subaccount of NSGBA in order to meet the updated procurement targets pursuant to D.21-12-015 -D.21-03-056, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% planning reserve margin. The credit entry will use the most current market price benchmark for system RA, which is approved in the annual ERRA Forecast, and used to value RA capacity in the PCIA calculation.

Utility-Owned Generation Related Entries:

- j) A debit or credit entry, as appropriate, to record ESA costs associated with bundled customer portfolio/procurement activity (which is embedded in the annual authorized revenue requirements associated with PG&E's owned generation).

CAISO Related Entries:

- k) A debit or credit entry equal to the net charges or revenues for energy associated with load and generating resources recovered in ERRA

(Continued)





**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 1

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT

1. PURPOSE: The purpose of the New System Generation Balancing Account (NSGBA) is to record the benefits and the costs of Power Purchase Agreements (PPAs) associated with generation resources for which the Commission has determined that the costs and benefits will be allocated to all benefitting customers, including bundled service, Direct Access, and Community Choice Aggregation customers. Subaccounts shall be established in the NSGBA for each PPA associated with an eligible generation resource or a category of generation resources for which net capacity costs have been identified as recoverable on a non-bypassable basis. (T)

Pursuant to Decision (D.) 20-06-002, Ordering Paragraph (OP) 17, a Centralized Local Procurement Subaccount (CLPSA) is established to facilitate cost recovery of procurement and administrative costs PG&E incurs in its role as the Central Procurement Entity (CPE) through the New System Generation Charge (NSGC). The net capacity cost associated with the procurement of CLPSA-eligible resources will be equal to the costs of the contracted resource or utility-owned generation (UOG) resource, including fuel and expense associated with greenhouse gas (GHG) compliance, net of actual revenue and cost the generation resources receive in the California Independent System Operator Corporation's (CAISO) energy and ancillary market is recoverable through the NSGC. The administrative cost associated with PG&E's CPE role is also recoverable through the NSGC pursuant to D. 20-06-002.

Pursuant to D.20-12-006, OPs 3 – 6, the Commission approved a local capacity requirement reduction compensation mechanism (LCR RCM) for new preferred and energy storage resources, and certain combinations of hybrid preferred resources and energy storage resources, including new utility-owned resources that have executed contracts on or after June 17, 2020.

Summer Reliability: D.21-02-028 and D.21-03-056 authorized the IOUs to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve an effective 17.5 percent planning reserve margin (PRM) for the months of May through October 2021 and 2022. Increasing the PRM from 15 percent to an effective 17.5 percent results in a minimum incremental procurement target of 450 megawatts (MW) for PG&E. The Decision states that resource adequacy (RA) resources in excess of an IOU's 15 percent PRM should be charged to all benefitting customers in the IOU's service territory via the CAM and authorizes the IOUs to acquire and pair imports with maximum import capability to be included in CAM procurement costs.

Summer Reliability: D.21-12-015 instructed the IOUs to solicit additional resources for summers 2022 and 2023, including a new target range of 900 MW to 1,350 MW for PG&E for each of the June – October summer months of 2022 and 2023. Resource types to be considered for procurement include Resource Adequacy (RA)-only contracts and incremental capacity from revised power purchase agreements. Also, D.21-12-015, OP 13 ordered the IOUs to seek DR RA Resources from third-party Demand Response Providers (DRPs) through a "bilateral" contracting process.

Modified Cost Allocation Mechanism: Pursuant to D.22-05-015, OP 10, the Commission authorizes recovery of opt-out or backstop procurement. In the event that a non-investor-owned-utility (IOU) load serving entity (LSE) declares bankruptcy or ceases providing retail service in California and has a capacity obligation under Decision (D.) 19-11-016 or D.21-06-035 and their retail customers are paying for capacity under the modified cost allocation mechanism (MCAM) adopted in 22-05-015. OP 10 provides that the capacity shall revert to the relevant IOU, with the costs of the associated procurement allocated thereafter using the Cost Allocation Mechanism detailed in Decision 06-07-030.

2. APPLICABILITY: The NSGBA shall apply to all benefitting customers and customer classes, except for those specifically excluded by the Commission.

(Continued)

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		Vice President, Regulatory Affairs	Resolution	



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 1

- 3. REVISION DATES: The balancing account shall be trued-up annually.
- 4. RATES: The Cost Allocation Methodology (CAM) rate recovers the net capacity costs associated with NSGBA resources and is set forth in the applicable customer rate schedules.
- 5. ACCOUNTING PROCEDURES: The CPUC-jurisdictional portion of all entries shall be made at the end of each month as follows:
  - a) Revenues – the following entry reflects the revenue entry equal to the CAM rate recovering net capacity costs from all CAM-eligible resources.  
  
A credit entry equal to the revenue from the CAM rate from non-exempt retail customers during the month, excluding the allowance for Revenue Fees and Uncollectible (RF&U) accounts expense;
  - b) Net Capacity Costs - the following entries reflect the net capacity costs associated with eligible resources, by subaccount:
    - 1. QF/CHP Program Subaccount
      - i. A debit entry equal to the capacity and energy costs for eligible QF/CHP Program contracts;
      - ii. A credit entry equal to the energy revenues as established in Appendix A of D.07-09-044, Section IX.B.2 for eligible QF/CHP Program contracts.
      - iii. Total QF/CHP Program net capacity costs are equal to the sum of lines 5.b.1.i and 5.b.1.ii.

(Continued)

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Vice President, Regulatory Affairs

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**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 3

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

7. Centralized Local Procurement Subaccount

- i. A debit/credit entry equal to the capacity, fuel, and GHG compliance costs for non-utility contract resources procured by the CPE, including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
- ii. A debit/credit entry equal to the capacity, fuel, and GHG compliance costs for PG&E contract resources procured by the CPE, including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
- iii. A debit/credit entry equal to the authorized revenue requirement, fuel costs, and GHG compliance costs, if any, for PG&E UOG resources procured by the CPE , including any LCR RCM payments made to preferred resources and energy storage resources pursuant to D.20-12-006;
- iv. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges received by the buyer from the seller as defined in the contract terms and conditions associated with non-utility and PG&E contract resources and PG&E UOG resources procured by the CPE;
- v. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to non-utility and PG&E contract resources and PG&E UOG resources procured by the CPE;
- vi. A debit entry equal to costs incurred by PG&E (acting as the CPE) as a result of deferring the procurement of local resource(s) and utilizing the California Independent System Operator's (CAISO's) backstop mechanisms.
- vii. Administrative costs associated with the CPE role, including but not limited to employee and consultant costs, legal fees, technology systems costs, and credit-related costs associated with CPE procurement of non-utility contracted resources and PG&E contracted resources, including pre-payments and credit and collateral payments, including all associated fees , associated with PG&E's role as the designated CPE in its distribution service area.
- viii. Total net capacity costs are equal to the sum of lines 5.b.3.i, 5.b.3.ii, 5.b.3.iii., 5.b.3.iv, 5.b.3.v, 5.b.3.vi, and 5.b.3.vii. (T)

8. Modified Cost Allocation Mechanism Subaccount

- i. A debit entry equal to the opt-out and backstop resource costs associated with MCAM procurement where the LSE is no longer serving customers in PG&E's service territory (e.g., capacity and energy, if applicable, under the terms of the contract).
- ii. A debit entry equal to any associated fuel costs for the MCAM resource.
- iii. A credit entry equal to the CAISO market revenues received, net of any related charges, for the MCAM resource, including costs to charge the resource if it is a battery storage resource.

(T)  
|  
(L)  
|  
(L)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART FS**  
**NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 3

iv. A credit entry for the RPS attribute at the price established for RPS attributes subject to voluntary allocation in D.21-05-030. The MCAM RPS attributes, if any, will be included in the next available round of the voluntary allocation process associated with the current renewables portfolio standard (RPS) compliance implemented in Rulemaking 18-07-003.

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 4

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

(N)

**89.** System Reliability Incremental Procurement

A. Amendments to Existing Purchase Power Agreements for Incremental Energy

- i. A debit/credit entry equal to the incremental energy costs for 10 amended contracts authorized in D.21-02-028 and approved in Advice Letter 6088-E, and incremental energy costs for contract amendments that support updated Summer Reliability Targets for Summer 2022 and Summer 2023, as authorized in D.21-12-015 which will deliver incremental energy during a CAISO system emergency or Flex Alert including administrative costs associated with the procurement (e.g., Independent Evaluator expenses);
- ii. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering incremental energy;
- iii. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering incremental energy.

B. Firm Import Energy authorized in Advice Letter 6089-E

- i. A debit/credit entry equal to the energy costs for two firm energy import agreements authorized in D.21-02-028 and approved in Advice Letter 6089-E, and energy costs for import energy that support updated Summer Reliability Targets for Summer 2022 and Summer 2023, as authorized in D.21-12-015, including administrative costs associated with the procurement (e.g., Independent Evaluator expenses).
- ii. A debit entry to record the costs resulting from the transfer of allocated portion of the import capacity rights to the NSGBA, pursuant to D.21-03-056, related to the use of existing import capacity rights to meet procurement targets in D.21-03-056 and updated procurement targets for Summer 2022 and Summer 2023 as authorized in D.21-12-015. Debit entries will be based on either the average price PG&E received for sales of its excess maximum import capability or, if not available or representative, another reasonable market benchmark.
- iii. A debit entry to record the costs associated with procured import capacity rights pursuant to D.21-03-056 related to the use of import capacity rights to meet procurement targets in D.21-03-056, and updated procurement targets for Summer 2022 and Summer 2023 as authorized in D.21-12-015.
- iv. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering energy.
- iii. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering energy.

(N)

C. System Reliability Procurement authorized in D.21-03-056 and D.21-12-015

(Continued)

Advice	6222-E	Issued by	Submitted	June 16, 2021
Decision	D.21-02-028	<b>Robert S. Kenney</b>	Effective	December 28, 2020
		Vice President, Regulatory Affairs	Resolution	



**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 4

- i. A debit/credit entry for procurement costs authorized in D.21-03-056 and D.21-12-015 – but not already included in Sections A and B of this subaccount above – to reach the updated 900 – 1,350 450-MW incremental target above PG&E's existing 15% planning reserve margin and any administrative costs associated with the incremental procurement (e.g., Independent Evaluator expenses) for Summer 2022 and Summer 2023.

(Continued)

Advice 6222-E  
Decision D.21-02-028

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

Submitted  
Effective  
Resolution

June 16, 2021  
December 28, 2020



**ELECTRIC PRELIMINARY STATEMENT PART FS  
NEW SYSTEM GENERATION BALANCING ACCOUNT**

Sheet 5

FS. NEW SYSTEM GENERATION BALANCING ACCOUNT (Cont'd.)

5. ACCOUNTING PROCEDURES: (Cont'd.)

(N)

C. System Reliability Procurement authorized in D.21-03-056 and D.21-12-015 (Cont'd)

~~ii. A debit entry to record the costs resulting from the transfer of allocated portion of the import capacity rights to the NSGBA, pursuant to D.21-03-056 and D.21-12-015, related to the use of existing import capacity rights to meet updated procurement targets in D.21-12-015 for Summer 2022 and Summer 2023 D.21-03-056. Debit entries will be based on either the average price PG&E received for sales of its excess maximum import capability or, if not available or representative, another reasonable market benchmark.~~

~~iii. A debit entry to record the costs associated with procured import capacity rights pursuant to D.21-03-056 related to the use of import capacity rights to meet the updated procurement targets in D.21-12-015 for Summer 2022 and Summer 2023 D.21-03-056.~~

iv. A debit/credit entry equal to the actual net revenues and costs received in the CAISO energy and ancillary services market or net revenues and costs for energy and ancillary services' payments/charges during the time the contract is delivering incremental energy.

viii. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering incremental energy.

D. Transfer of Resource Adequacy Value for System Reliability Incremental Procurement to ERRA from NSGBA and/or transfer of Excess RA Capacity from Other Accounts to NSGBA to meet System Reliability Incremental Procurement Targets.

i. A credit entry to transfer to ERRA costs associated with the value of RA capacity for procurement ordered as a result of the Emergency Reliability proceeding, Rulemaking 20-11-003, including contracts procured pursuant to D.21-02-028, and D.21-03-056, and D.21-12-015, in the months when such contracts are used to meet bundled service customers RA compliance requirements. Energy costs and benefits associated with contracts procured pursuant to D.21-02-028 and D.21-03-056, and D.21-12-015 will continue to be allocated to all benefitting customers through the NSGBA.

ii. A debit entry to record costs associated with the value of the RA capacity transferred from PABA, ERRA, or the Modified Cost Allocation Mechanism Balancing Account (MCAMBA) Incremental Resource Adequacy Memorandum Account (IRAMA) that are excess or unsold RA capacity or proxy RA resources. The RA capacity value recorded in NSGBA reflects the use of the capacity to meet the updated system reliability incremental procurement targets pursuant to D.21-03-056 and D.21-12-015, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% RA planning reserve margin requirements. The debit entry will be calculated using the most current market price benchmark for system RA approved in the annual ERRA Forecast, which is used to calculate the value of RA in the Power Charge Indifference Amount (PCIA) calculation.

(N)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART HS**  
**PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)**

Sheet 3

HS. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

5. ACCOUNTING PROCEDURES: (Cont'd.)

Retained RPS and RA Value Entries:

- h. A credit entry equal to the Retained RPS Value, determined using the most current Commission-adopted RPS Adder multiplied by Actual Retained RPS quantities. A corresponding debit entry equal to the Retained RPS Value is recorded in ERRA.
- i. A debit or credit entry to true-up the Retained RPS Value, determined using the Forecast RPS Adder to the Actual Retained RPS Value using the Final RPS Adder. A corresponding credit or debit entry equal to the true-up of the Retained RPS Value is recorded in ERRA.
- j. A credit entry equal to the Retained RA Value, determined using the most current Commission-adopted RA Adder, multiplied by the Actual Retained RA quantities. A corresponding debit entry equal to the Retained RA Value is recorded in ERRA.
- k. A debit or credit entry to true-up the Retained RA Value, determined using the Forecast RA Adder to the Retained RA Value using the Final RA Adder. A corresponding credit or debit entry equal to the true-up of the Retained RA Value is recorded in ERRA.

(D)

System RA Value Transferred to the System Reliability Incremental Procurement Subaccount in New System Generation Balancing Account (NSGBA):

(N)

- l. A credit entry equal to the value of RA capacity that is excess or unsold RA capacity that is transferred to the System Reliability Incremental Procurement Subaccount of NSGBA and used to meet the updated system reliability incremental procurement targets pursuant to D.21-12-015D.21-03-056, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% planning reserve margin. The credit entry will use the most current market price benchmark for system RA approved in the Annual ERRA Forecast, which is used to calculate the value of RA capacity in the PCIA calculation.

(N)

Utility-Owned Generation Related Entries:

- m. A debit entry equal to one-twelfth of the electric generation portion of revenue requirement associated with the CPUC authorized pension contribution amount. (T)
- n. A debit entry equal to the annual authorized revenue requirements associated with PG&E's owned generation divided by twelve, excluding PCIA-eligible UOG resource costs that have been procured by the Central Procurement Entity (CPE) for recovery through the New System Generation Charge (NSGC) and recorded to the Centralized Local Procurement Subaccount (CLPSA) of the New System Generation Balancing Account (NSGBA). (T)
- o. A debit or credit entry, as appropriate, to record ESA costs associated with PCIA eligible generation resources portfolio/ procurement activity (which is embedded in the annual authorized revenue requirements associated with PG&E's owned generation). (T)
- p. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric generation non-depreciable asset, as approved by the CPUC. (T)
- q. A debit entry equal to one-twelfth of the annual authorized revenue requirement for the Diablo Canyon Power Plant Employee Retention Program (see corresponding entry in the Employee Retention Subaccount of the Diablo Canyon Retirement Balancing Account (DCRBA) per Preliminary Statement HK, 5b.1). (T)

(Continued)

## **Attachment 3**

**Redacted Attachments**

**PACIFIC GAS AND ELECTRIC COMPANY**

**Table 5**

**MCAM Procurement Costs**

**(\$1000s)**

Line No.	Description	2023
1	ERRA	
2	Bundled RA	
3	Memo Account	
4	Opt-Out RA	

**PACIFIC GAS AND ELECTRIC COMPANY**  
**IRAPMA Subledger**

Tariff Line Item	DR/CR	Tariff Description	FY 2021 YTD	FY 2022 YTD
<b>Incremental Expenses</b>				
5.a.	<b>DR</b>	A debit entry equal to costs of incremental RA capacity purchased for PG&E's bundled customers and customers of LSEs that have opted-out of self-procurement that are not otherwise recovered in rate.		
5.b.	<b>DR</b>	A debit entry equal to incremental administrative costs related to entry a) above		
<b>Miscellaneous Costs</b>				
5.c.	<b>DR/CR</b>	A debit or credit entry equal, as appropriate, to record the transfer of amounts to or from other accounts as approved by the Commission		
<b>Total Activity Before Interest</b>				
5.d.	<b>DR/CR</b>	An entry equal to the interest on the balance of the account		
<b>Beginning Balance</b>			-	
<b>IRAPMA Ending Balance as of June 2022</b>			<b>172,755.12</b>	<b>751,703.04</b>

## **Attachment 4**

### **Confidentiality Declaration**

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

**PACIFIC GAS AND ELECTRIC COMPANY  
ADVICE LETTER 6654-E FOR RATE IMPLEMENTATION  
PURSUANT TO DECISION 22-05-015 & THE  
ESTABLISHMENT OF ELECTRIC PRELIMINARY  
STATEMENT FOR MODIFIED COST ALLOCATION  
MECHANISM BALANCING ACCOUNT**

**DECLARATION OF DONNA BARRY  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN DATA AND INFORMATION  
CONTAINED IN PG&E'S ADVICE LETTER**

I, Donna L. Barry, declare:

1. I am a Principal Regulatory Analyst in the Electric Rates and Rate Architecture Department within the Regulatory Affairs organization at Pacific Gas and Electric Company (PG&E). In this position, my responsibilities include development of cost recovery proposals, analyses in support of testimony and various reports filed at the Commission. In carrying out these responsibilities, I have acquired knowledge of generation procurement purchased for PG&E's electric portfolio, utility-owned generation revenue requirements, and speciality program costs and rates. This declaration is based on my personal knowledge of PG&E's practices and my understanding of the Commission's decisions protecting the confidentiality of market-sensitive information.

2. Based on my knowledge and experience, and in accordance with the Decisions 06-06-066, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in PG&E's Advice Letter 6654-E for rate implementation pursuant to decision 22-05-015 AND the establishment of a new Electric Preliminary Statement for the Modified Cost Allocation Mechanism Balancing Account.

3. Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by

D.06-06-066, Appendix 1, and Public Utilities Code §454.5(G). The matrix also specifies why confidential protection is justified. Further, the data and information: (1) is not already public; and (2) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on July 18, 2022 at Pleasant Hill, California.

/s/

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DONNA L. BARRY

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

**ADVICE LETTER 6654-E  
JULY 18, 2022  
ATTACHMENT 3**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order That Data Corresponds To</b>	<b>Justification for Confidential Treatment</b>	<b>Length of Time Data To Be Kept Confidential</b>
<b>Document: Table 5</b>			
TABLE 5	II.B.4 – Generation Cost Forecast (Non-QF Bilaterals)	Confidential generation cost forecast for QF generation. Public by resource category ( <i>e.g.</i> , hydro, conventional, etc.) after three years.	Three Years
<b>Document: Table 7</b>			
TABLE 7	XI - Monthly Procurement Costs	Recorded procurement cost detail of monthly cost and utility operational information.	Three Years

**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.  
Braun Blasing Smith Wynne, P.C.  
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  
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  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie  
Green Power Institute  
Hanna & Morton  
ICF  
International Power Technology

Intertie

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  
McClintock IP  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

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  
Stoel Rives LLP

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