



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.

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.

Modified Cost Allocation Mechanism: Pursuant to D.22-05-015, OP 10, the Commission authorizes recovery of opt-out or backstop procurement. Pursuant to D.22-05-015, 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 the non-IOU LSE has a procurement obligation under D.19-11-016, D.21-06-035, or any subsequent procurement order under the IRP framework, the remaining capacity and associated procurement obligations under the IRP framework should revert to the relevant IOU. Thereafter, the remaining costs and benefits should be allocated using the Cost Allocation Mechanism detailed in Decision 06-07-030. Exceptions to this rule can be made in cases where the non-IOU LSE's customers transfer to another non-IOU LSE, as was the case for opt-out load in SDG&E's territory, see OP 14 of D.22-05-015.

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.

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**ELECTRIC PRELIMINARY STATEMENT PART FS
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Sheet 2

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

1. PURPOSE: (Cont'd.)

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.

D.23-06-029 finds it reasonable to update the PRM to 17 percent and to maintain the effective PRM for summer reliability adopted in D.21-12-015 for the 2024 and 2025 RA years. The PRM requirement of 17 percent results in effective PRM target for PG&E of 765 - 1,440 MW for each of the June – October summer months of 2024 and 2025.

Pursuant to the Settlement Agreement adopted by Decision 25-06-004, PG&E is to clarify amounts transferred from other accounts with an attribution to PG&E's electric generation function (such as the Wildfire Expense Memorandum Account (WEMA)) be transferred to PG&E's accounts that recover PG&E's electric generation authorized revenue requirements in an allocation methodology appropriate to the ERRRA Forecast process (either as a direct assignment or pro-rated). NSGBA recovers PG&E's Elkhorn Battery Energy Storage System facility and an allocation of Electric Supply Administration (ESA) charges and thus would be eligible for such transfers. Accordingly, a tariff line separate from the Elkhorn and ESA recovery line items was added to provide transparency for such transfers approved by the Commission.

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

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Sheet 3

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

5. ACCOUNTING PROCEDURES: (Cont'd.)

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b) Net Capacity Costs (Cont'd)

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.

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:

4. Hummingbird 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 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:

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Sheet 4

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

5. ACCOUNTING PROCEDURES: (Cont'd.)

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b) Net Capacity Costs (Cont'd)

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;

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.

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Sheet 5

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

5. ACCOUNTING PROCEDURES: (Cont'd.)

b) Net Capacity Costs (Cont'd)

8. Modified Cost Allocation Mechanism Subaccount

- i. A debit entry equal to the procurement costs associated with MCAM procurement where the LSE is no longer serving customers in PG&E's service territory and the associated product(s) have reverted to PG&E (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.

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 Summers 2022 through 2025, as authorized in D.21-12-015 and D.23-06-029, and any future contract amendments as authorized by the Commission for Summer Reliability 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.

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Advice 7275-E
Decision D.23-06-029

Issued by
Shilpa Ramaiya
Vice President

Regulatory Proceedings and Rates

Submitted	May 22, 2024
Effective	June 29, 2023
Resolution	



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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)

B. Firm Import Energy

- i. A debit/credit entry equal to the energy costs for two firm energy import agreement authorized in D.21-02-028 and approved in Advice Letter 6089-E, and incremental energy costs for energy imports that support updated Summer Reliability Targets for Summers 2022 through 2025, as authorized in D.21-12-015 and D.23-06-029, and any future energy imports for Summer Reliability as authorized by the Commission including administrative costs associated with the procurement (e.g., Independent Evaluator expenses). (T)
- 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 Summer Reliability Targets for Summers 2022 through 2025, as authorized in D.21-12-015 and D.23-06-029, and any future procurement targets for Summer Reliability as authorized by the Commission. 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. (T)
- 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, updated procurement targets for Summers 2022 through 2025 as authorized in D.21-12-015 and D.23-06-029, and any future procurement targets for Summer Reliability as authorized by the Commission. (T)
- 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.
- v. A debit/credit entry equal to miscellaneous CAISO charges/credits assigned to contract resources during the time the contract is delivering energy.

C. System Reliability Procurement

- i. A debit/credit entry for procurement costs authorized in D.21-03-056, D.21-12-015, and D.23-06-029 – but not already included in Sections A and B of this subaccount above – to reach the 900 – 1,350 MW incremental target above PG&E's existing planning reserve margin for Summer 2022 and Summer 2023 and the updated 765 – 1,440 MW incremental target above the 17% planning reserve margin for Summer 2024 and Summer 2025 and future procurement targets for Summer Reliability as authorized by the Commission including any administrative costs associated with the incremental procurement (e.g., Independent Evaluator expenses). (T)

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Advice	7275-E	Issued by	Submitted	May 22, 2024
Decision	D.23-06-029	Shilpa Ramaiya	Effective	June 29, 2023
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		Regulatory Proceedings and Rates		



**ELECTRIC PRELIMINARY STATEMENT PART FS
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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)

C. System Reliability Procurement

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.

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, D.21-12-015, and D.23-06-029 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, D.21-12-015, and D.23-06-029 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 or ERRA, or 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, D.21-12-015, and D.23-06-029, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their respective 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.

c) A debit or credit entry to record an allocated portion of Electric Supply Administration (ESA) costs associated with CAM-eligible generation resources.

d) A debit or credit entry equal, as appropriate, to record the transfer of amounts to or from other accounts that have an attribution to PG&E's electric generation function (such as WEMA) as approved by the CPUC. In the case of such recovery related to PG&E's electric generation function, the amount shall be transferred to PG&E's accounts that recover PG&E's electric generation authorized revenue requirement in an allocation methodology appropriate to the ERRA Forecast process (either as a direct assignment or pro-rated).

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**Pacific Gas and
Electric Company®**

Oakland, California

Original

Cal. P.U.C. Sheet No.

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ELECTRIC PRELIMINARY STATEMENT PART FS
NEW SYSTEM GENERATION BALANCING ACCOUNT

Sheet 8

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

5. ACCOUNTING PROCEDURES: (Cont'd.)

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

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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 7693-E
Decision D.25-06-004

Issued by
Shilpa Ramaiya
Vice President
Regulatory Proceedings and Rates

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Effective
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