



**ELECTRIC PRELIMINARY STATEMENT PART IG
MICROGRIDS MEMORANDUM ACCOUNT (MGMA)**

Sheet 1

IG. Microgrids Memorandum Account (MGMA)

1. **PURPOSE:** The purpose of the Microgrids Memorandum Account (MGMA) is to record and track incremental electric expense and capital related costs related to the Make-Ready Program for Single-Season Microgrid Solutions, the 2020 Temporary Generation Program, and the Community Microgrid Enablement Program (CMEP) approved by Decision (D.) 20-06-017; the 2021 Temporary Generation Program, the 2022 Temporary Generation Program, and the Microgrid Incentive Program approved by D.21-01-018; and the costs related to single-season, temporary generators approved by D.22-11-009. Per modifications approved by D.23-04-034, accumulated subaccount balances under the Microgrid Incentive Program will transfer to a two-way Distribution Revenue Adjustment Mechanism (DRAM) for recovery. (T)
2. **APPLICABILITY:** The MGMA applies to all electric customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances in the Make-Ready Program subaccount will be addressed in a separate application or in an upcoming track of the Microgrids and Resilience Strategies rulemaking (R.19-09-009). Disposition of the balances in the 2020 Temporary Generation subaccount, the 2021 Temporary Generation subaccount, the 2022 Temporary Generation subaccount, the Single-Season, Temporary Generator subaccount, and the CMEP subaccount will be addressed in a separate application or in a future General Rate Case. Pursuant D.23-04-034, the MIP Development and MIP Implementation and Administration will be closed. Any balances within the MIP Development and MIP Implementation and Administration will be transferred into Distribution Revenue Adjustment Mechanism (DRAM) at the next Annual Electric True-up (AET) after D.23-04-034. (T)
4. **RATES:** The MGMA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The MGMA consists of the following subaccounts:

The Make-Ready Program for Single-Season Microgrid Solutions subaccount will track incremental expense and capital related costs related to making infrastructure upgrades to the Utility's distribution system in order to enable substations to create single-season microgrids using local sources of generation;

The 2020 Temporary Generation subaccount will track incremental expenses and capital related costs related to the reservation and use of temporary mobile generation during the 2020 fire season;

The 2021 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2021 fire season;

The 2022 Temporary Generation subaccount will track incremental expenses for the temporary generation program specifically for safe-to-energize substations affected by transmission-level-public safety shutoff events during the 2022 fire season;

The Single-Season, Temporary Generator subaccount will track incremental expenses and capital costs related to the temporary generation needed to power single-season microgrid solutions beginning with the 2023 fire season upon approval by the Commission of the related Tier 2 advice letter filing. Costs will be tracked separately by fire season through the use of internal orders. (L)

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<i>Advice</i>	6962-E	<i>Issued by</i>	<i>Submitted</i>	June 13, 2023
<i>Decision</i>	D.23-04-034	Meredith Allen	<i>Effective</i>	July 13, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



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Sheet 2

5. ACCOUNTING PROCEDURE: (Cont'd)

The CMEP subaccount will track incremental expense and capital related costs related to implementation and administration of the program¹ (L)
(L)

The Microgrid Incentive Program - Development subaccount tracked incremental expenses related to developing the Microgrid Incentive Program pursuant to Section 3.4.3 of D.21-01-018 prior to Commission approval of the program implementation details in D.23-04-034; and (T)
(T)

The Microgrid Incentive Program – Implementation and Administration subaccount tracked incremental expenses related to the other implementation requirements for fulfilling Section 3.4.3 of D.21-01-018. Pursuant to D.23-04-034, the MIP Development and MIP Implementation and Administration will be closed. Any balances within the MIP Development and MIP Implementation and Administration will be transferred into DRAM at the next AET after D.23-04-034. (T)
(T)
(T)

a. Make-Ready Program for Single-Season Microgrid Solutions Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the Make-Ready Program for single-season microgrid solutions.
- 2) A debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the Make-Ready Program for Single-Season Solutions. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

b. 2020 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2020 Temporary Generation Program, net of any reimbursements, if applicable.

¹As of April 14, 2023 CMEP microgrid utility upgrades and the revenue requirement for CMEP capital costs will be prospectively recorded to the Microgrids Balancing Account (Electric Preliminary Statement Part IT) pursuant to D.23-04-034, which was issued on that date. (L)
(L)

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Sheet 3

5. ACCOUNTING PROCEDURE: (Cont'd)

b. 2020 Temporary Generation subaccount (Cont'd)

- 1) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the 2020 Temporary Generation Program. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.²
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(T)

c. 2021 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2021 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

² PG&E's accounting policies will be applied to the costs recorded to the MGMA 2020 Temporary Generation Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA 2020 Temporary Generation Subaccount in the event that these costs are incurred in order to implement D.20-06-017.

(T)

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<i>Advice</i>	6942-E	<i>Issued by</i>	<i>Submitted</i>	May 15, 2023
<i>Decision</i>	D.23-04-034	Meredith Allen	<i>Effective</i>	April 14, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



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Sheet 4

5. ACCOUNTING PROCEDURE: (Cont'd)

d. 2022 Temporary Generation Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the 2022 Temporary Generation Program, net of any reimbursements, if applicable.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

e. Single-Season, Temporary Generator Subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to single-season, temporary generators beginning with the 2023 fire season.
- 2) If applicable, a debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with single-season, temporary generators. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.³ (T)
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

³PG&E's accounting policies will be applied to the costs recorded to the MGMA Single-Season, Temporary Generator Subaccount to determine expense or capitalization treatment. These policies apply to property, plant, and equipment as well as computer software. Lifespan, inclusion in the Retirement Unit Catalog, and exceeding a minimum material cost per unit, are among the main determining factors. However, some situations are very specific and require additional analysis and judgement in determining the cost categorization. PG&E has included in its preliminary statement accounting procedures to allow both expense and capitalized costs to be recorded into the MGMA Single-Season, Temporary Generator Subaccount in the event that these costs are incurred in order to implement D.22-11-009. (T)



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Sheet 5

5. ACCOUNTING PROCEDURE: (Cont'd)

(L)

f. CMEP subaccount

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to implementation of the CMEP.
- 2) A debit or credit entry equal to the revenue requirement based on the recorded capital costs associated with the implementation of the CMEP. Capital revenue requirements include depreciation expense, return on investment, federal and state taxes, and property taxes associated with costs of installed equipment.
- 3) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 4) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

(L)

g. Microgrid Incentive Program Subaccount – Development

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

- 1) A debit entry equal to the expense incurred related to development of the Microgrid Incentive Program.
- 2) A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
- 3) A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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Sheet 6

5. ACCOUNTING PROCEDURE: (Cont'd)

(L)

h. Microgrid Incentive Program Subaccount – Implementation and Administration

(T)/(L)

The following entries will be made to this subaccount at the end of each month, or as applicable, as follows:

1. A debit entry equal to the expense incurred related to the implementation and administration of the Microgrid Incentive Program.
2. A debit or credit entry to transfer all or a portion of the balance in this subaccount, to other adjustment clauses for future rate recovery, as may be approved by the CPUC.
3. A debit or credit entry equal to the interest on the average of the balance in the account at the beginning of the month and the balance in the account after the above entries, at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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Decision D.22-11-009

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Meredith Allen
Vice President, Regulatory Affairs

Submitted
Effective
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December 14, 2022
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