



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

Sheet 1

- JN. Modified Cost Allocation Mechanism Balancing Account (N)
1. **PURPOSE:** The purpose of the Modified Cost Allocation Mechanism Balancing Account is to track and record the contract costs and market value of the energy and RPS attributes, if any, related to the procurement of incremental resource adequacy (RA) capacity required by CPUC Decision (D.) 19-11-016 and D.21-06-035, including any related administrative costs that are not otherwise recovered in rates. Such costs may include: (1) procurement expense for incremental RA capacity allocated to load-serving entities (LSE) that have opted-out of self-procurement or have deficiencies in meeting the self-procurement targets requiring PG&E to purchase backstop procurement on the LSEs' behalf, and (2) incremental administrative costs associated with the procurement such as the independent evaluator consulting costs and administrative costs associated with implementing the billing system modifications needed to bill these customers. The MCAMBA will not include cost or benefits recorded and recovered in another account. (N)
  2. The MCAMBA will have subaccounts where the first subaccount will be exclusively for tracking net capacity costs associated for LSEs that opted-out of procuring its D.19-11-016 procurement targets.
  3. Subsequent subaccounts may be added if the Commission orders that PG&E perform backstop procurement for self-procuring LSEs that fail to meet its procurement target and are deemed deficient. The number of Deficient LSE Subaccounts will be dependent on the number and timing of the self-procuring LSEs' deficiency. Where possible, PG&E will look to pool the incremental procurement together to cover as many deficient LSEs as possible.
  4. **APPLICABILITY:** The MCAMBA shall apply to the LSE customer classes where the LSE opted out of the procurement required in D.19-11-016 and self-procuring LSEs customers where the LSE has been found to have deficiencies in meeting its procurement targets established by D.19-11-016 and D.21-06-035 requiring PG&E to purchase backstop procurement to satisfy the procurement targets set by the Commission.
  5. **REVISION DATE:** Disposition of the balances in the account shall be as authorized by the Commission.
  6. **RATES:** The MCAMBA will have separate rate components for customers of the opt-out LSEs and potentially separate MCAMBA rate components for customers of Deficient LSEs. The number of Deficient LSE MCAMBA rate components will depend on the timing of the procurement done on behalf of the deficient LSE(s). (N)

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Sheet 2

- 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.

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Sheet 3

- 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.

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Sheet 4

- 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. |

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