SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Ben Hueso, Chair
2021 - 2022 Regular

Bill No:	AB 2838	**Hearing Date:**	6/15/2022
Author:	O'Donnell		
Version:	4/18/2022 Amended		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Electrical corporations: green tariff shared renewables program

DIGEST: This bill authorizes the California Public Utilities Commission (CPUC), beginning April 1, 2023, to authorize electrical corporations to terminate an existing program – the green tariff shared renewables (GTSR) programs. This bill also authorizes the CPUC to consider whether any outstanding program costs may be recovered from the electrical corporation's nonparticipating ratepayers if the CPUC has terminated or suspended the electrical corporation's program.

ANALYSIS:

Existing law:

1) Establishes and vests the CPUC has regulatory jurisdiction over electrical corporations. (Article XII of the California Constitution)

2) Requires the CPUC to require each electrical corporation with 100,000 or more customer accounts in California to administer a GTSR program to enable ratepayers to participate directly in offsite electrical generation facilities that use eligible renewable energy resources, as specified. (Public Utilities Code §2831 *et seq*.)

3) Requires the CPUC to ensure that charges and credits associated with an electrical corporation's program are set in a manner that ensures nonparticipant ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation (CCA) customers and ensures that no costs are shifted from participating customers to nonparticipating ratepayers. (Public Utilities Code §2833)

This bill:

1) Authorizes the CPUC, on and after April 1, 2023, to authorize electrical corporations to terminate their GTSR programs.

2) Authorizes the CPUC to consider whether any outstanding program costs-may be recovered from the electrical corporation's nonparticipating ratepayers if the CPUC has terminated or suspended the electrical corporation's program.

3) Requires the participating utility to disclose and detail all outstanding program costs it seeks to recover from nonparticipating ratepayers, and provide recommendations on how these costs should be reasonably recovered.

Background

Green Tariff Shared Renewables (GTSR) program. The GTSR program was enacted by SB 43 (Wolk, Chapter 413, Statues of 2013) which enabled customers of the state's three largest electrical corporations – Pacific Gas & Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison (SCE) – specifically electrical corporations with over 100,000 customers, to receive 50 to 100 percent of their electricity from renewable energy, with a capped enrollment of 600 megawatts (MW) statewide. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. Customers whose energy procurement is served by another load-serving entity (LSE), including a CCA, are not eligible to participate in the GTSR program. The GTSR program was initially required to sunset, or close to new subscribers, on January 1, 2019, but the sunset clause was repealed in trailer legislation to the 2016 Budget Act (SB 840 (Committee on Budget and Fiscal Review, Chapter 341, Statutes of 2016)).

GTSR subscription. As shown in Table 1 below, the participation rates in the GTSR program are still well below the 600 MW cap (163 MW total capacity under contract). The majority of the participation has been in the GT component, as the ECR component has had less subscription due to challenges in competing with utility scale solar and the requirements of the program.

Table 1: GTSR Capacity Procured (MW**)**
[Source: CPUC. https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-rates/green-tariff-shared-renewables-program]

IOU	Total GTSR Program Capacity	GT Capacity Under Contract	ECR Capacity Under Contract
PG&E	272	53	2
SCE	269	60	6
SDG&E	59	40	2
Total	**600**	**153**	**10**

SCE proposes to terminate GTSR program. In September 2018, SCE filed an application (A 18-09-015) requesting CPUC approval to recover up to $5.87 million in implementation, administration, and marketing costs associated with five new green energy programs (collectively, the Green Energy Programs, or GEPs). The GEPs would have allowed customers the opportunity to use renewable energy resources to meet their electricity needs. SCE proposed to replace its GTSR program with the GEPs starting in 2021. In 2019, the CPUC denied SCE's request to terminate its GTSR program, stating that terminating their program before reaching their MW cap would violate the GTSR statute. Parties to the proceeding cited the removal of the sunset date of the GTSR program in the 2016 budget trailer bill as evidence of Legislative intent to continue to GTSR.

SDG&E proposes to suspend GTSR program. In December 2021, SDG&E filed an advice letter (3920-E) requesting suspension of its GTSR programs. Unlike the SCE application, which sought to *terminate* its program, the SDG&E requested to *suspend* their GTSR program, which is permitted under the CPUC guidelines as a consumer protection measure. SDG&E cited the significant customer load migration to the newly launched CCA, San Diego Community Power, which would result in a reduction of 89 percent of the GTSR participants. SDG&E stated there are significantly fewer customers (11 percent of those previously enrolled) who remain to pay the costs of the GTSR program. Unfortunately, the remaining GTSR program participants experienced a nearly 400 percent increase in their rates from 2021 to 2022. The resulting increases also feed additional customer attrition in the program, resulting in even fewer remaining participants. The CPUC issued a decision in April 2022, whereby the CPUC denied SDG&E's request noting:

> SDG&E has failed to provide an accompanying proposal for resolving any market issues while protecting ratepayers, as required. A complete proposal would likely require an evaluation of stranded costs, identification of funds spent so far, the number or characteristics of the customers affected, and a plan to resolve the issues to and who would pay for any mitigation efforts. Therefore, Energy Division staff has determined that SDG&E failed to meet the full obligations necessary to suspend its Green Tariff Shared Renewables program as directed in Ordering Paragraph 15 of D.15-01-051. As such, Advice Letter 3920-E is rejected.

The CPUC denial also requested SDG&E file the mitigation strategy, suspension plan, and timelines in its forthcoming Application for Review as directed in D.21-12-036 and due May 31, 2022, as opposed to filing a new advice letter. SDG&E has since filed the requested information with the CPUC and is pending a decision on that filing.

Comments

AB 2838. This bill proposes to allow an electrical corporation to terminate their GTSR program and also to authorize the CPUC to authorize recovery of outstanding costs from termination of the program from nonparticipating ratepayers.

Need for authority to terminate program. Considering the limited participation of the GTSR program, coupled with the massive load migration for SDG&E, the proposed authorization to terminate the GTSR program seems both necessary and prudent so as to limit the continued costs of the program. However, the Legislature may wish to proceed with caution regarding the proposed departure from the specific statutory language requiring indifference to nonparticipating customers. Given the structure of the GTSR program, the program costs must be borne only by GTSR participants; which for SDG&E was a dwindling number of customer accounts. However, as currently proposed, it is unclear which nonparticipating customers would be left shouldering these costs. CCA customers are understandably concerned that this approach could result in increased costs to their customers, including those that never subscribed to the program. In this regard, these issues are best addressed at the CPUC under the original requirements of the GTSR program to maintain customer indifference. In order to ensure both electrical corporations and the CPUC have authority to terminate or suspend the GTSR program, but not violate the ratepayer indifference requirements, *the author and committee may wish to delete the proposed language in this bill related to addressing outstanding costs (Public Utilities Code 2833 (q)(2)).*

Prior/Related Legislation

SB 366 (Leyva, 2017) would have revised the GTSR program to permit the CPUC to increase the program cap from 600 MW to 800 MW to accommodate projects for low-income customers and projects located in disadvantaged communities. Would have allocated revenues from an investor-owned utility (IOU) greenhouse gas emission allowances to fund the Renewable Energy for All program. The bill died in the Assembly Committee on Utilities and Energy.

SB 793 (Wolk, Chapter 587, Statutes of 2015) required an electric IOU that offers a GTSR program to permit a participating customer to subscribe to the program and be provided with a nonbinding estimate of reasonably anticipated bill credits and bill charges, as determined by the CPUC, for a period of up to 20 years.

SB 43 (Wolk, Chapter 413, Statues of 2013) established, until January 1, 2019, a Shared Renewable Self Generation Program allowing IOU customers to purchase an interest in a "community renewable energy facility" and receive a bill credit for the generation component of the customer's electrical service.

AB 327 (Perea, Chapter 611, Statutes of 2013) among other provisions, required the CPUC to develop specific alternatives to the net energy metering tariff to ensure that customer-sited renewable distributed energy is available to residential customers in disadvantaged communities.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

San Diego Gas & Electric Company, Sponsor
Pacific Gas & Electric Company
Southern California Edison

OPPOSITION:

California Community Choice Association, unless amended
City of Carlsbad, unless amended
Clean Energy Alliance, unless amended
San Diego Community Power
Sonoma Clean Power Authority

ARGUMENTS IN SUPPORT: According to the author:

> "… Over the past seven years, the procurement landscape has changed dramatically with the expansion of Community Choice Aggregation (CCA). This has led to an increasing volume of customers departing electric utility bundled service, which has impacted GTSR enrollment and rates…Additional attrition will create a feedback loop that will increase rates even further, making it impossible to maintain a rate and GTSR program that customers might find attractive, let alone desire to join. While the procurement cost of the projects procured for GTSR can be socialized among all ratepayers, the administrative costs cannot be socialized due to the indifference requirement…As participants are defaulted to CCA service, the fixed costs will continue to be spread among fewer and fewer customers…The current statute does not provide electrical corporations a way to terminate the program and, for SDG&E, termination is needed to avoid adverse impacts to ratepayers.

AB 2838 would authorize the CPUC, on and after April 1, 2023, to authorize electrical corporations to terminate their GTSR programs via Advice Letter. The bill would authorize the CPUC to consider whether any outstanding program costs to may be recovered from the electrical corporation's nonparticipating ratepayers if the CPUC has terminated or suspended the electrical corporation's program. The bill would require the participating utility to disclose and detail all outstanding program costs it seeks to recover from nonparticipating ratepayers, and provide recommendations on how these costs should be reasonably recovered.

ARGUMENTS IN OPPOSITION: The CCAs opposed to this bill largely oppose the provisions of this bill that would authorize recovery of costs from nonparticipating ratepayers. These CCAs note the importance of maintaining indifference of costs to nonparticipating ratepayers, including CCA customers. They state that such an authorization would be a departure from the statutorily required provisions of the program and would be unfair to customers that did not choose to participate in the GTSR program.

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