

PUBLIC UTILITIES COMMISSION

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April 3, 2019

SDG&E Advice Letter 3285-E

Megan Caulson
San Diego Gas & Electric
8330 Century Park Court, CP 32F
San Diego, CA 92123

Subject: Staff Disposition of San Diego Gas and Electric Company's (SDG&E) Advice Letter (AL) 3285-E Submittal to Provide Additional Information Regarding Establishment of a Solar on Multifamily Affordable Housing Balancing Account (SOMAHBA) Pursuant to Decision (D.)17-12-022

Dear Ms. Caulson:

The California Public Utilities Commission's (Commission) Energy Division (ED) approves, with modification, SDG&E's AL 3285-E with an effective date of April 3, 2019.

On February 5, 2018, Pursuant to Ordering Paragraph 2 of D.17-12-022, SDG&E submitted AL 3181-E, establishing its SOMAH Program Balancing Account. The balancing account records SDG&E's authorized funding for the SOMAH Program, including costs associated with incentive payments, contributions to the statewide program administrator (PA) contract, and its own administrative costs to support the program. On May 7, 2018, SDG&E filed AL 3181-E-A providing additional detail on its estimated program funding amounts and administrative costs categories. In that filing, SDG&E stated that its Information Technology (IT) cost estimates were still unknown, and that SDG&E would provide this information once known. The ALs were not protested. Energy Division approved SDG&E ALs 3181-E/E-A on June 25, 2018.

On October 11, 2018, SDG&E filed AL 3285-E, providing additional information related to the establishment of its SOMAH Program Balancing Account. That AL provided IT cost estimates associated with the program that SDG&E did not have available at the time it submitted ALs 3181-E/E-A. AL 3285-E provides a \$1,016,000 estimate for IT costs to implement the SDG&E's SOMAH Program's virtual net energy metering (VNEM) tariff. In addition, the AL asserts that due to the annual SOMAH administrative budget cap being limited to 10% of available annual program budget, SDG&E does not have adequate administrative budget in the first year of the program to cover its estimated IT costs and other SOMAH administrative costs. The AL therefore also requests the Commission's authorization to use unspent funds from the SOMAH Program's incentive budget to cover any incurred IT costs in the first year.

On November 1, 2018, the Asian Pacific Environmental Network, California Environmental Justice Alliance, Communities for a Better Environment, and Environmental Health Coalition (jointly, APEN et al.); the California Solar & Storage Association, California Environmental Justice Alliance, Everyday Energy, The Greenlining Institute, and Vote Solar (jointly, CALSSA

et al.); and the Public Advocates Office (Cal PA) timely protested the AL. Also on November 1, 2018, Southern California Edison (SCE) responded to the AL.

Protests

The protests provide a number of arguments for why the AL should be rejected. CALSSA et al. and APEN et al. argue using incentive funds to cover SDG&E's administrative budget shortfall would result in costs beyond what is permitted by the SOMAH Program's authorizing statute and decision. They also question the validity of the costs and the extent to which they are duplicative of work that may be conducted by the SOMAH PA or of work already completed for the Multifamily Affordable Solar Housing (MASH) program and VNEM tariff. In addition, they suggest the IT costs may be more appropriately charged to SDG&E's general rate case.

Cal PA argues that SDG&E did not provide adequate support for its IT cost estimate and did not indicate whether the billing process would be manual or automated. Cal PA also shares the CALSSA et al. and APEN et al. concern that SDG&E does not explain how the estimated costs are not duplicative of MASH and VNEM costs. In addition, it argues that SDG&E's estimated IT costs are disproportionate to the administrative spending limit set in the SOMAH authorizing statute and decision.

In SCE's response to SDG&E's AL, it outlines its own administrative funding challenges and proposes curtailing the scope of the SOMAH Program and the PA's work to mitigate the funding challenge.

On November 8, 2018, SDG&E replied to protests arguing that its IT cost estimates are reasonable and directly attributable to the SOMAH Program.

Commission Decision (D.)19-03-015

On March 28, 2019, the Commission adopted D.19-03-015 (Decision Modifying Decision 17-12-022 on the Commission's Own Motion), which modified the SOMAH 10% administrative spending cap from an annual cap to a total life-of-program cap. By modifying the SOMAH Program's 10% administrative budget cap to be spread over the duration of the program, the Decision granted the IOUs flexibility in their yearly administrative expenditures, as long as these administrative costs are at or below the 10% threshold at the conclusion of the program.

Discussion

With regard to protests on whether it is appropriate to record SDG&E's costs to implement changes to its VNEM tariff in its billing system for SOMAH customers in its SOMAH Balancing Account, we find that this work is directly attributable to the SOMAH program and it is reasonable to track these costs in the SOMAH balancing account. We therefore reject protests on this matter.

With regard to protests on whether the cost estimates for the work are reasonable, we note that approval to track costs in a Balancing Account does not constitute judgment on the reasonableness of a cost estimate and does not constitute authorization to recover recorded costs. As identified in D.19-03-015, the Commission retains all options for future actions regarding auditing the program, including requiring the IOUs to file reasonableness review applications for

recovery of costs recorded in the SOMAH Balancing Accounts. With this understanding, the protests regarding the reasonableness of the cost estimates are also rejected.

Finally, Energy Division has also determined that the administrative budget cost constraint issues raised by SDG&E in AL 3285-E, and SCE in its response to the AL, have been addressed, as D.19-03-015 removed the annual 10% administrative funding cap cited by both utilities. As such, D.19-03-015 has rendered SDG&E's request to fund administrative costs overruns with incentive funds, and the protests to the AL on this matter, moot.

SDG&E's AL providing additional information regarding its SOMAH Balancing Account is hereby approved with an April 3, 2019 effective date. We note that as discussed above, the portion of SDG&E's AL requesting to use incentive funds to cover any IT costs is rendered moot by D.19-03-015 and is therefore not approved.

Please contact Tory Francisco of Energy Division at tnf@cpuc.ca.gov if you have any questions.

Sincerely,



Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

cc:

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Susannah Churchill – California Director, Vote Solar
Southern California Edison Tariffs
Service List of R.14-07-002