

## Phase II of A.13-08-003 et al - GHG Applications

### Questions for Discussion – 7/3/2014

Based on the IOUs' joint proposal and briefs, the Energy Division identified follow-up questions for clarification and discussion.

#### ***Indirect Cost Forecasts***

1. **SCE and SDG&E:** Both utilities propose to forecast indirect GHG volumes by multiplying estimated market purchases by ARB's default emission factor for unspecified power (0.428 MT/MWh). To convert indirect emissions into costs, SCE and SDG&E propose that they should have the ability to choose between using either a proxy price or a confidential price.<sup>1</sup> What is the rationale for using a proxy price when forecasting direct emissions, but to have the option to use a different, confidential price forecast when forecasting indirect emissions?
2. **PG&E:** Can PG&E clarify how it proposes to estimate indirect emissions volumes? PG&E states that it will "estimate indirect GHG emissions volumes from generation resources included in its annual ERRA forecast."<sup>2</sup> Is PG&E proposing the same methodology to estimate indirect emissions volumes as SDG&E and SCE?

#### ***Reconciliation***

1. **Actual Direct Costs - All IOUs:** The revised proposal and joint brief have ambiguous statements about how the utilities plan to calculate actual direct emissions and costs. The utilities state that "actual direct GHG emissions should be calculated on an annual basis and be consistent with ARB regulations for measuring GHG emissions."<sup>3</sup> The utilities elsewhere discuss that they will record monthly GHG costs in their ERRA accounts based on actual direct emission volumes multiplied by the weighted average cost of compliance instruments purchased (of the current year's vintage). Is it correct to interpret that the large utilities, at least, propose that annual GHG costs reported in the reconciliation applications would be sum of these monthly GHG costs recorded to ERRA?
2. **Estimated Actual Indirect Costs – All IOUs:** The utilities state that the method to calculate indirect GHG emissions should be consistent with the method to forecast indirect GHG costs, but the method does not need to be consistent across utilities. What is the rationale to justify using different methods to estimate indirect GHG costs? The utilities asked the Commission to decide which price should be used to estimate indirect GHG costs. Are the utilities proposing that they should be allowed to estimate indirect emissions via different methodologies, even though the utilities recommend that the Commission should establish a fixed method to calculate cost of indirect emissions (e.g. ICE vs CAISO vs ARB auction prices)?
3. **Revised Current Cost Forecast – All IOUs:** When the utilities discuss their disagreement about "whether a revised forecast of current year GHG costs should be part of the GHG cost

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<sup>1</sup> Revised Joint IOU Proposal, p. 8.

<sup>2</sup> Id. at 6.

<sup>3</sup> Id. at 12.

<sup>4</sup> Id. at 12.

reconciliation in the GHG application,”<sup>4</sup> it is unclear to which year “current year” refers. Could the utilities clarify this issue by way of example?

4. **Revised Forecast of GHG Revenues – SDG&E:** Similar to the question above, can SDG&E clarify its proposal to only true-up the prior year of revenue and not to reforecast current year revenue?<sup>5</sup>

### ***Confidentiality***

1. Why is “Total forecast GHG costs or revenue requirements using proxy price” listed as Confidential in the GHG Information Matrix?<sup>6</sup>
2. The utilities ask the Commission for authority to make a single notification to ARB upon disclosing confidential information during PRG meetings.<sup>7</sup> However, ARB’s regulations seem to require that utilities report these disclosures to ARB within 10 days of making the disclosure and that utilities must cite to Commission authority to make such disclosures. Do the utilities believe the Commission has the ability to authorize the utilities to only make a single such notification to ARB rather than a notification each time an authorized disclosure is made?

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<sup>4</sup> Id. at 12.

<sup>5</sup> Id. at 13.

<sup>6</sup> Id. at A-4.

<sup>7</sup> Joint Utility Opening Brief at 5-6/