BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA

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Order Instituting Rulemaking to Update and Reform Energy Resource Recovery Account and Power Charge Indifference Adjustment Policies and Processes	**Rulemaking 25-02-005** **(Filed February 20, 2025)**

CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION WORKSHOP REPLY COMMENTS

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Pursuant to the California Public Utilities Commission (Commission) Rules of Practice and Procedure Rule 6.2, the California Large Energy Consumers Association (CLECA)[1] submits these reply comments to the June 19, 2026 *Administrative Law Judge's Ruling Authorizing Party Comments On Track Three Workshop And Related Issues*.

I. INTRODUCTION

The California Community Choice Association (CalCCA)[2] rightly calls for a broad Track 3 scope that allows "adequate discussion of the merits and trade-offs of the various potential modifications" to the indifference framework and the Power Charge Indifference Adjustment

[1] CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, glass, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to CLECA.org).

[2] *California Community Choice Association's Workshop Comments*, R.25-02-005, Jul. 9, 2026 (CalCCA Workshop Comments).

(PCIA).[3] Such a scope is necessary to promote a framework that "operates symmetrically, maintains rate stability over time, and remains suited for evolving market and load growth conditions."[4] Toward that goal, CalCCA and the Public Advocates Office (Cal Advocates) show why Track 3 should prioritize consideration of alternative indifference structures, including the concept of mandatory allocations.[5] CalCCA also explains why Track 3 should comprehensively address the standard for re-vintaging legacy Utility-Owned Generation (UOG).[6]

CLECA supports including both of these issues in Track 3. Consideration of an allocation framework should proceed concurrently with benchmark-refinement issues, because it could materially affect the need for, and scope of, those refinements. Moreover, any allocation framework must hold all customers indifferent and provide Direct Access (DA) customers visibility into the attributes allocated to their load-serving entities (LSEs) and the value of those attributes in retail contracts. As CalCCA explains, Track 3 should also address both the governing re-vintaging standard and the appropriate venue for its application.[7]

II. REPLY

A. Consideration of an Allocation Framework Should Proceed Concurrently With Benchmark Refinements

CalCCA and Cal Advocates provide compelling reasons to include consideration of an allocation framework for PCIA attributes in Track 3. CalCCA supports mandatory allocation with transactability, explaining that this approach "eliminates the need to rely on" Market Price

[3] CalCCA Workshop Comments at 2.
[4] *California Large Energy Consumers Association Workshop Comments*, R.25-02-005, Jul. 9, 2026 (CLECA Workshop Comments) at 2.
[5] CalCCA Workshop Comments at 5; Cal Advocates Workshop Comments at 3-6.
[6] CalCCA Workshop Comments at 7-8.
[7] CalCCA Workshop Comments at 8.

Benchmarks (MPBs).[8] Cal Advocates similarly concludes that allocation, whether mandatory or voluntary, offers sufficient potential benefits to warrant inclusion in Track 3, including the potential to reduce rate volatility and improve access to relevant data.[9] Both parties' comments on this issue align with CLECA's recommendation that the Commission evaluate whether allocation-based mechanisms could "preserve symmetric indifference while reducing the volatility associated with benchmark-based valuation."[10]

Cal Advocates and CalCCA also demonstrate that allocation should be considered concurrently with any potential MPB or PCIA refinements scoped in Track 3. Under an allocation framework, each LSE would receive its vintaged share of PCIA resource attributes rather than rely on administratively determined benchmark values. Cal Advocates notes that allocation could therefore render "much of the discussion around refinements to the MPB moot for PCIA ratemaking purposes," including disputes over lookback periods, qualifying transactions, forecast methodologies, and forecast error.[11] CalCCA similarly explains that allocating attributes could avoid proxy valuation and settle "the ongoing, and potential future, disputes around the estimated value of attributes."[12]

In contrast, Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company (Joint IOUs) propose addressing interim benchmark reforms

[8] CalCCA Workshop Comments at 5.
[9] Cal Advocates Workshop Comments at 3-6.
[10] CLECA Workshop Comments at 4.
[11] Cal Advocates Workshop Comments at 4-5.
[12] CalCCA Workshop Comments at 5.

in Track 3A and deferring any alternative frameworks to Track 3B.[13] That bifurcated approach risks requiring the Commission and parties to litigate reforms that an allocation framework may alter or render unnecessary.

Cal Advocates adds that allocation "should be designed to hold all customers indifferent, so that disaggregating a portfolio the IOUs currently manage on behalf of all customers does not create new cost shifts or leave any customer group short of the resources on which it relies."[14] CLECA similarly cautions that any allocation approach must "preserve symmetric indifference," and "operate consistently for both bundled and unbundled customers."[15]

Additionally, from the perspective of CLECA's DA customers, any framework should provide transparency into the attributes allocated to each LSE and the basis for those allocations. That information will allow DA customers to evaluate how the attributes and their value are treated in retail contracts and customer bills. Without that transparency, DA customers could bear their share of legacy-resource costs without knowing whether they receive the corresponding attribute value.

The Joint IOUs incorrectly contend that revisiting mandatory allocation "is unlikely to be a productive use of Track 3 resources" because the issue was "extensively examined in the 2017 PCIA rulemaking."[16] However, they cite to D.18-10-019, which was resolved nearly eight years ago.[17] Their own comments identify developments since that proceeding that warrant renewed

[13] *Southern California Edison Company (U 338-E), Pacific Gas And Electric Company (U 39-E), And San Diego Gas & Electric Company (U 902-E) Workshop Comments*, R.25-02-005, Jul. 9, 2026 (Joint IOUs Workshop Comments) at 5-6.
[14] Cal Advocates Workshop Comments at 6.
[15] CLECA Workshop Comments at 4.
[16] Joint IOU Workshop Comments at 4.
[17] Id., fn. 9.

consideration, including a 350 percent increase in the RPS MPB since 2022 and persistent Energy Price Index MPB under-collections averaging hundreds of millions of dollars or more in recent years.[18] CalCCA likewise identifies persistent disputes and changing market conditions that have introduced uncertainty and volatility into the PCIA.[19] Those developments warrant examining whether allocating actual attributes could reduce reliance on disputed proxy values.

B. Track 3 Should Develop a Transparent and Balanced Statewide Re-Vintaging Standard

The Joint IOUs, CalCCA, and CLECA agree that re-vintaging of UOG should be included in the scope of Track 3. The Joint IOUs "generally support clarification of the guidelines that apply to re-vintaging of UOG resources through briefs in Track 3" and rank UOG re-vintaging among their highest-priority issues.[20] CalCCA likewise recommends prioritizing re-vintaging to "immediately create more consistency and address PCIA rate volatility."[21] CLECA suggests that Track 3 should consider re-vintaging where a resource's "operational or economic character has changed materially."[22]

However, parties differ on how this issue should be addressed. The Joint IOUs propose clarifying existing statewide guidelines through legal briefing.[23] CalCCA agrees that briefing could be sufficient, but only if the Commission comprehensively resolves the governing policy issues, including both the re-vintaging standard and the venue for applying it in a manner that permits adequate review of the resulting cost allocation.[24] CalCCA's approach better accounts for the

[18] Joint IOU Workshop Comments at 6.
[19] CalCCA Workshop Comments at 5.
[20] Joint IOU Workshop Comments at 3, 6.
[21] CalCCA Workshop Comments at 2, 7-8.
[22] CLECA Workshop Comments at 4.
[23] Joint IOU Workshop Comments at 9.
[24] CalCCA Workshop Comments at 8, fn. 15.

relationship between the governing standard, its application, and the resulting allocation of legacy-resource costs. Track 3 should therefore provide for briefing and any additional process needed to develop an adequate record. The resulting standard should apply consistently across IOU territories while preserving fact-specific review of individual resources in the appropriate venue.

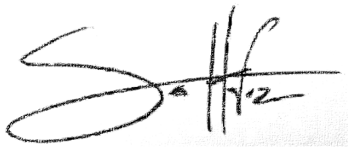
III. CONCLUSION

The California Large Energy Consumers Association appreciates the opportunity to provide these reply comments.

Respectfully submitted,

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