October 4, 2019

Advice Letter 3722-E

Gary A. Stern
Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, CA 91770

SUBJECT:  Request to Terminate Southern California Edison Company’s Green Tariff Shared Renewables Program

Dear Mr. Stern:

Advice Letter 3722-E is rejected as of September 26, 2019 per Resolution E-5028 Ordering Paragraphs.

Sincerely,

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division
December 22, 2017

ADVICE 3722-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Request to Terminate Southern California Edison Company’s Green Tariff Shared Renewables Program

PURPOSE

In accordance with Ordering Paragraph (OP) 13 of the California Public Utilities Commission’s (Commission or CPUC) Decision (D.)15-01-051 (the Decision), Southern California Edison Company (SCE) respectfully submits this Advice Letter (AL) to terminate its Green Tariff Shared Renewables (GTSR) program and to allow SCE to submit a cost recovery proposal in the 2018 Energy Resource Recovery Account (ERRA) Review of Operations Filing.

BACKGROUND

On September 28, 2013, Governor Brown signed Senate Bill (SB) 43 (Wolk) into law.1 SB 43 enacted the GTSR Program, a 600 megawatt (MW) statewide program that allows participating utilities’2 customers – including local governments, businesses, schools, homeowners, municipal customers, and renters – to meet up to 100 percent of their energy usage with generation from eligible renewable energy resources. As required by SB 43,3 the investor-owned utilities (IOUs) filed applications with the Commission requesting approval of GTSR Programs consistent with the requirements and intent of the statute.

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1 SB 43 was codified in California Public Utilities Code Section 2831 et seq.
2 Participating utility means “an electrical corporation with 100,000 or more customer accounts in California.” Cal. Pub. Util. Code § 2831.5(b)(2). The Investor-Owned Utilities (IOUs), which include SCE, Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (SDG&E), are all participating utilities.
On February 2, 2015, the Commission issued D.15-01-051 implementing the GTSR Program framework and approving the IOUs’ applications with modifications. The Commission directed the IOUs to have advance procurement for the GTSR program under contract by February 2, 2016, and divided the GTSR Program’s statewide limitation of 600 MW of customer participation among the IOUs. Specifically, the Commission allocated 272 MW of total GTSR Program capacity to PG&E, 59 MW to SDG&E, and 269 MW to SCE (each IOU's GTSR Program Cap).

SB 43 provides that 100 MW of the statewide limitation for the GTSR Program shall be reserved for facilities that are no larger than 1 MW and that are located in areas previously identified by the California Environmental Protection Agency as “the most impacted and disadvantaged communities.” To implement this statutory provision, the Commission established environmental justice (EJ) reservations for each IOU: 45 MW for PG&E, 10 MW for SDG&E, and 45 MW for SCE as part of each IOU’s GTSR Program Cap.

The GTSR Program structure approved by the Commission consists of two elements: (1) a Green Tariff option (which SCE refers to as “Green Rate”) allowing customers to purchase energy with a greater share of renewables, and (2) an enhanced community renewables option (ECR, which SCE refers to as “Community Renewables” or “CR”) allowing customers to subscribe to renewable energy from community-based projects. Under the Green Tariff program, IOU bundled service customers have the opportunity to source 50 to 100 percent of their energy needs from renewable projects procured on their behalf by the IOUs that are new, local, and incremental to the IOUs’ Renewables Portfolio Standard (RPS) procurement. Under the ECR program, IOU bundled service customers have the opportunity to contract directly with the developer of an ECR project and subscribe to a portion of the project’s output corresponding to all or a portion of the customer’s energy needs. The customer will receive a bill credit from the IOU based on its subscription to the ECR project. Each IOU’s total GTSR Program Cap and EJ reservations are inclusive of both the Green Tariff and ECR programs. The Decision did not specify individual program caps for the Green Tariff and ECR programs. The GTSR Decision further authorized the IOUs to seek approval of a GTSR standard contract through changes to the Renewable Auction Mechanism (RAM) standard contract through a Tier 2 Advice Letter.

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4 Decision at OPs 2, 8, at 180, 181.
5 See id. at OP 7, at 181.
7 See Decision at OP 7, at 181.
8 See id. at 3-4.
9 PG&E and SCE’s Green Tariff programs include subscription options of 50 or 100 percent. SDG&E’s Green Tariff program includes subscription options from 50 to 100 percent.
10 See Decision at 4, OP 7, at 181.
11 See Decision, OP 5, at 180; see also Advice 3180-E.
SCE has fulfilled its advanced procurement mandate to procure 50 MW as part of the Green Rate program, which was accomplished through two solicitations, the RAM 6 Request for Offers (RFO) and the Renewables Portfolio Standard (RPS) 2015 Solicitation, for which SCE limited procurement to its service territory per the Decision.\textsuperscript{12} SCE signed and received Commission approval for three GTSR contracts, for a total of 60 MW.\textsuperscript{13} In addition, SCE has run the first two of five Community Renewable RAM solicitations (CR-RAM 1 RFO and CR-RAM 2 RFO) and is on schedule to launch a third solicitation on December 22\textsuperscript{nd}, 2017. SCE did not procure MW during the CR-RAM 1 and 2 RFOs because the offers submitted under both RFOs either did not meet minimum eligibility requirements, exceeded the maximum price,\textsuperscript{14} or failed to demonstrate community interest.

Pursuant to the Decision, SCE annually files its Marketing, Education and Outreach (ME&O) plan,\textsuperscript{15} which is designed to drive customer awareness and participation in the GTSR program and encourage behavior changes that save energy, reduce greenhouse gas (GHG) emissions associated with electricity, and support clean energy solutions. With the implementation of GTSR, SCE researched and identified areas in its service territory that SCE believed best targeted potential GTSR customers, namely, the largest SCE segment with the strongest green and technology affinity, as well as the greatest affordability measures. SCE directed its target marketing efforts toward this Green segment and other smaller segments likely to subscribe to the GTSR program through various marketing campaigns. SCE also used tradeshows, conferences, and events throughout its service territory to educate attendants on GTSR. An important element in SCE’s continued outreach was to provide customers with fact sheets on clean energy options and sustainable practices, which included SCE’s Green Rate and Community Renewables offerings.

SCE has continuously sought to improve its outreach and education efforts for the GTSR program, by way of trying to increase effectiveness without increasing costs. Despite SCE’s continued efforts to promote the GTSR program, to date, enrollment peaked at 799 Green Rate customers (776 Residential and 23 Non-Residential) totaling 7.53 MW. SCE has no enrollments in the Community Renewables program. As a result, the GTSR program is not economically viable.

\textsuperscript{12} See Decision, Finding of Fact 32, at 163, Conclusion of Law 13, at 174.
\textsuperscript{13} See Advice 3358-E, Advice 3501-E.
\textsuperscript{14} D.16.05.006 established minimum capacity offerings for the ECR-RAM solicitations with a maximum award price set at or below a specified percentage of the maximum executed contract price in either the RAM as-available peaking category, or the GT program, whichever is most recent.
\textsuperscript{15} See Decision, OP 6, at 180–81; see also Resolution E-4734.
JUSTIFICATION FOR TERMINATION

The Decision directs the IOUs to “use a Tier 3 Advice Letter or application to make changes to its [GTSR] program that would either extend it beyond January 1, 2019 (for new customers), or terminate the GTSR program as of that date. The Tier 3 Advice Letter, or application may include a proposal for close out of unrecovered administrative and outreach costs.” Due to low subscription rates, SCE has determined that the financial viability of the GTSR program is unsustainable and has chosen to terminate the GTSR program. SCE plans to develop and propose an alternative program to achieve similar GHG reduction and solar participation goals but without some of the constraints that limited the success of GTSR.

During the implementation process that established the GTSR program, the IOUs proposed various reporting requirements designed to increase transparency and accountability. Included within these reports is a Tier 2 Advice Letter summarizing true-up of costs and revenue against charges and credits applied to GTSR customer bills. Additionally, the IOUs publically file, without redaction, monthly progress reports that contain enrollment reporting, as-available capacity, and marketing and outreach activities; and annual monthly progress reports that describe the same, and, among other topics, revenue and costs. These reports illustrate not only the efforts SCE made in terms of marketing the GTSR program to potential consumers, but also in terms of minimizing costs for participating customers.

In 2016, SCE conducted outreach and education campaigns for GTSR by testing SCE’s largest green segment through targeted marketing campaigns. The campaigns consisted of a direct mail campaign to 99,410 residential customers as well as two residential and two non-residential email campaigns targeting a total of 428,901 residential customers and 111,858 non-residential customers, respectively. A digital banner campaign was also launched in 2016 with a primary goal to create broad based awareness which served 3,290,550 impressions. A social media campaign delivered over 7.7 million impressions including social posts to both Facebook and Twitter where customers were encouraged to visit SCE’s website to enroll in the program. In 2016 alone, SCE participated in 36 tradeshows, conferences, and events throughout its service territory, which allowed SCE to provide approximately 55,500 customers and industry professionals with educational materials on the GTSR program.

In the summer of 2017, SCE continued to pursue a green-enabled search engine marketing segment in its email campaigns and social media helped support Green Rate communications to customers using paid social targeting options via the SCE Rates Communications marketing campaign. In its efforts to keep costs low to mitigate impact

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16 See Decision, OP 13, at 182.
17 See Decision, at 140–43.
for participating GTSR customers, SCE focused on low cost marketing methods to educate consumers on the GTSR program. Additionally, SCE business account managers used their relationships with commercial customers to promote the program; Energy Partnerships' and Local Partnerships' representatives reached out to city partners and community-based organizations to educate customers on the renewable rate options that support a cleaner, healthier environment and support renewable goals; and call center representatives suggested Green Rate as an offering to callers. Additional tactics included bill inserts, display banners placed within SCE office buildings, digital signage, an ad published in the US Green Building Council’s newsletter with an emphasis on earning Leadership in Energy and Environmental Design (LEED) points, and an article and banner published on SCE’s portal.

Administrative and marketing costs are tracked in a separate account, providing an opportunity for the public to review these amounts prior to Commission approval. Table 1 illustrates that as of October 31, 2017, the total cost for SCE’s GTSR program was $889,582 with a majority of funds being spent on Information Technology as well as broad based and targeted marketing efforts. Table 2 shows that in 2016, SCE was able to recover only $38,682.29 from program participants. Most of these costs were accrued within the first year of the program; however, even with a substantially tapered marketing and outreach plan each subsequent year, SCE anticipates costs will continue to outpace generated revenue. As such, SCE respectfully submits this Advice Letter to terminate its GTSR program. SCE plans to seek approval via a future application to implement a comparable but more viable program.

### Table 1

<table>
<thead>
<tr>
<th></th>
<th>2015 Actuals</th>
<th>2016 Actuals</th>
<th>2017 Actuals (As of 10/31/17)</th>
<th>Total Actuals</th>
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<tbody>
<tr>
<td><strong>Total O&amp;M - Green Rate</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total O&amp;M</td>
<td>31,641</td>
<td>302,007</td>
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<td>Broad Based Marketing</td>
<td>-</td>
<td>174,402</td>
<td>2,009</td>
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<tr>
<td>Targeted Marketing</td>
<td>20,956</td>
<td>106,118</td>
<td>23,288</td>
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<td>Online Portal Costs</td>
<td>10,685</td>
<td>21,487</td>
<td>6,324</td>
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<td><strong>Total O&amp;M - Community Renewables</strong></td>
<td></td>
<td></td>
<td>14,152</td>
<td>$14,152</td>
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<tr>
<td>Broad Based Marketing</td>
<td>-</td>
<td>-</td>
<td>7,616</td>
<td></td>
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<tr>
<td>Targeted Marketing</td>
<td>-</td>
<td>-</td>
<td>6,536</td>
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<td><strong>Total Administrative</strong></td>
<td>77,137</td>
<td>444,225</td>
<td>(11,201)</td>
<td>$510,161</td>
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<td>IT Fees: Total</td>
<td>67,000</td>
<td>323,976</td>
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<td>NPD&amp;L / Program Management</td>
<td>1,363</td>
<td>84,569</td>
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<tr>
<td>Labor Correction</td>
<td>-</td>
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<td>(25,127)</td>
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<td>OH Paid Absence</td>
<td>-</td>
<td>-</td>
<td>(5,511)</td>
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<td>Training &amp; Job Aids</td>
<td>8,774</td>
<td>16,360</td>
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<td>Green-e Certification</td>
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<td>19,320</td>
<td>19,200</td>
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<td><strong>Total Project</strong></td>
<td>108,778</td>
<td>746,232</td>
<td>34,572</td>
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### Table 2

<table>
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<tr>
<th>2016</th>
<th>Charge/Adjustment Description</th>
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<tr>
<td>Green Rate Charge</td>
<td>Grid CAISO</td>
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<td>Marketing</td>
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<td></td>
<td>Grid WREGIS</td>
<td>8.30</td>
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<tr>
<td>Green Rate Charge Total</td>
<td></td>
<td>110,706.47</td>
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</tbody>
</table>

| Green Rate Credit Total       | Class Average Generation   | (70,593.48) |
|                              | Time of Delivery            | (2,232.42)  |
| Green Rate Credit Total      |                          | (72,825.90) |

| Green Rate Indifference Adjustment | Green Rate CTC       | (144.81)   |
|                                     | Green Rate PCIA       | 946.53     |
| Green Rate Indifference Adjustment | Total                | 801.72     |

Grand Total                      | $38,682.29
RECOVERY OF SCE’S GTSR COSTS THROUGH ERRA IS REASONABLE

The Decision states, “If the program is terminated, the IOU must use an application to seek recovery of outstanding costs. . . . [W]hen the IOU files an application to recover outstanding administrative and outreach costs, the proceeding will include a reasonableness review that examines the reasonableness of the administrative and outreach expenditures for the program as a whole. If the costs are found to be unreasonable through this second review, then the shareholder backstop will apply.”18 Additionally, the Decision states, “If GTSR Program subscription rates are too low to permit recovery of administrative and marketing costs from participating customers, and these costs are determined to be unreasonable, it is reasonable for the IOU shareholders to act as a backstop.”19

As depicted in Tables 1 and 2 above, SCE has only recovered approximately 4 percent of the total cost of GTSR. SCE proposes to utilize the 2018 ERRA Review of Operations filing for the recovery of costs incurred in the GTSR program, in which SCE’s GTSR costs will be subjected to a reasonableness review. GTSR program administrative and outreach costs are currently recorded in balancing and memorandum accounts that are subject to reasonableness review in each IOU’s annual ERRA compliance review proceeding. In addition, the Decisions states that, “Coordinating review of true-up of GTSR charges and credits with the ERRA process will provide greater certainty that entries to the GTSR accounts are stated correctly and are consistent with Commission decisions.”20 Because the ERRA proceeding already provides the Commission and stakeholders with the opportunity to assess SCE’s operations and expenditures for reasonableness, it is an appropriate mechanism to consider recovery of costs for the GTSR program.

PROPOSED NEW RENEWABLES PROGRAM

Although SCE intends to terminate the GTSR program, SCE will submit a new renewables rate proposal designed to accomplish the goals set forth in SB 43. The new proposal will be filed as either a separate application, or in conjunction with SCE’s Successor Tariff proposal. The new proposal will specifically address GTSR program attributes that have led to low adoption, and broader barriers that prevent customers in general from adopting distributed generation technologies. Barriers to adoption of distributed generation are primarily due to: (1) lack of financial resources in disadvantaged communities (DACs), and (2) predominance of rental properties (which may have limited space for siting projects or restrictions due to building ownership). SCE’s new renewables rate proposal will continue to reserve a specific amount of solar

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18 Id. at 112-113.
20 Id. at Finding of Fact 137, at 172.
capacity for residential customers in DACs who have historically had limited opportunities to adopt customer-sited solar distributed generation technologies. While SB 43 did not expressly set an affordability requirement for the GTSR Program, the IOUs were tasked with marketing to low-income customers, while not affecting non-participating customers.

REQUEST FOR COMMISSION APPROVAL

SCE requests that the Commission issue a resolution containing:

1. Approval of this AL in its entirety;

2. A finding that termination of SCE’s GTSR program is reasonable and prudent for all purposes, including, but not limited to, being in the best interests of customers; and

3. A finding that cost recovery for GTSR program costs through the ERRA Review of Operations filing is reasonable

TIER DESIGNATION

Pursuant to OP 13 of D.15-01-051, this advice letter is submitted with a Tier 3 designation.

EFFECTIVE DATE

This advice filing will become effective upon Commission approval.

NOTICE

Anyone wishing to protest this advice letter may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received by the Energy Division and SCE no later than 20 days after the date of this advice letter. Protests should be submitted to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this advice letter should
also be sent by letter and transmitted via facsimile or electronically to the attention of:

Russell G. Worden  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Telephone (626) 302-4177  
Facsimile: (626) 302-6396  
E-mail: AdviceTariffManager@sce.com

Laura Genao  
Managing Director, State Regulatory Affairs  
c/o Karyn Gansecki  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: Karyn.Gansecki@sce.com

With a copy to:

Janet S. Combs  
Director and Managing Attorney  
Southern California Edison Company  
2244 Walnut Grove Avenue, 3rd Floor  
Rosemead, California 91770  
Facsimile: (626) 302-6962  
E-mail: Janet.Combs@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and must be received by the deadline shown above.

In accordance with Section 4 of GO 96-B, SCE is furnishing copies of this advice letter to the interested parties shown on the attached R.15-02-020, A.12-01-008, and GO 96-B service lists. Address change requests to the GO 96-B service list should be directed to AdviceTariffManager@sce.com or at (626) 302-3719. For changes to any other service list, please contact the Commission’s Process Office at (415) 703-2021 or at ProcessOffice@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the Advice Letter at SCE’s corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE’s web site at http://www.sce.com/wps/portal/home/regulatory/advice-letters.
All questions concerning this Advice Letter should be directed to David LeBlond at (626) 302-9443 or by electronic mail at David.LeBlond@sce.com.

Southern California Edison Company

/s/ Russell G. Worden
Russell G. Worden

RGW: ee:cm
Enclosures
Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Contact Person: Darrah Morgan
Phone #: (626) 302-2086
E-mail: Darrah.Morgan@sce.com
E-mail Disposition Notice to: AdviceTariffManager@sce.com

**EXPLANATION OF UTILITY TYPE**

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<th>ELC</th>
<th>GAS</th>
<th>PLC</th>
<th>HEAT</th>
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<tr>
<td>Electric</td>
<td>Gas</td>
<td>Pipeline</td>
<td>Heat</td>
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</table>

Advice Letter (AL) #: 3722-E       Tier Designation: 3

Subject of AL: Request to Terminate Southern California Edison Company’s Green Tariff Shared Renewables Program

Keywords (choose from CPUC listing): Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 15-01-051

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☑ Yes ☐ No

Requested effective date: Upon Commission Approval
No. of tariff sheets: 0

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: None

Service affected and changes proposed:

Pending advice letters that revise the same tariff sheets: None

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1 Discuss in AL if more space is needed.
Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

Russell G. Worden
Managing Director, State Regulatory Operations
Southern California Edison Company
8631 Rush Street
Rosemead, California 91770
Telephone: (626) 302-4177
Facsimile: (626) 302-6396
E-mail: AdviceTariffManager@sce.com

Laura Genao
Managing Director, State Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5544
E-mail: Karyn.Gansecki@sce.com

With a copy to:

Janet S. Combs
Director and Managing Attorney
Southern California Edison Company
2244 Walnut Grove Avenue, 3rd Floor
Rosemead, California 91770
Facsimile: (626) 302-6962
E-mail: Janet.Combs@sce.com