



ELECTRIC PRELIMINARY STATEMENT PART HS
PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

Sheet 1

HS. PORTFOLIO ALLOCATION BALANCING ACCOUNT (PABA)

- 1. **PURPOSE:** The purpose of the PABA is to record the “above-market” costs of all generation resources that are eligible for recovery through Power Charge Indifference Adjustment (PCIA) rates.

The PABA is comprised of subaccounts for each year’s vintage portfolio resources, that records the costs, market revenues, and imputed revenues of all generation resources executed or approved by the Commission for cost recovery that year. Amounts will include costs related to contracts executed with third parties and utility-owned generation.

Pursuant to Decision (D.) 20-06-002 issued in the Generation Resource Adequacy Rulemaking, (R.) 17-09-020, on Central Procurement, the Commission determined that PG&E contracts and utility-owned generation (UOG) resources can be procured by the Central Procurement Entity (CPE) and be reclassified to be recovered through the New System Generation Charge (NSGC) and recorded to the Centralized Local Procurement Subaccount (CLPSA) of the New System Generation Balancing Account (NSGBA) for the term of the CPE contract. At the end of the CPE contract term, the resource would be reclassified back to its original cost recovery mechanism, which in the case of a PCIA-eligible resource would be a PABA vintage subaccount. Pursuant to D.20-06-002, PCIA-eligible resources that are reclassified from NSGC back to PCIA will be exempt from the PCIA rate cap authorized in D.18-10-019.

Decision 22-01-023 modified the ERRA Trigger calculation to consider ERRA balances net of the PABA balances when calculating over- or under-collected amounts that are above the 4 percent trigger and are forecast to exceed the 5 percent threshold.

In D.22-01-023, the Commission authorized disposition of the year-end ERRA balances via a transfer to the most recent vintage PABA subaccount.

Decision 22-05-015, OP 4, provides that any above-market costs associated with the Modified Cost Allocation Mechanism procurement ordered in D.19-11-016 done on behalf of bundled customers shall be assigned a 2019 vintage, D.21-06-035, OP 12, provides that procurement done on behalf of bundled customers will be assigned a 2021 vintage, and D.23-02-040, OP4, provides that procurement done in response to such order will be assigned a 2023 vintage. Procurement ordered in these decisions will be recovered from bundled and departing load customers of non-IOU LSEs through the PCIA.

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- 2. **APPLICABILITY:** The PABA shall apply to all customer classes, except for those specifically excluded by the Commission.
- 3. **REVISION DATES:** Disposition of the balance in the account shall be through the Annual Electric True-Up advice letter process, as authorized by the CPUC in the annual ERRA forecast proceeding or an ERRA Trigger Application, including the provision that disposition of the year-end balance in the ERRA shall be to the PABA upon submission (where a Tier 1 advice letter is currently required) or approval (where a Tier 2 advice letter is currently required) by the Commission of the applicable compliance advice letter addressing such balance.
- 4. **RATES:** PABA rates are included in the effective rates set forth in each rate schedule.
- 5. **ACCOUNTING PROCEDURES:** The PABA consists of two types of subaccounts:

“Legacy Utility Owned Generation Subaccount” records and recovers the above market costs associated with adopted revenue requirements related to PG&E-owned generation installed before 2002 (“Legacy UOG”), including capital and related non-fuel operating and maintenance expenses. Legacy UOG includes PG&E’s hydroelectric and nuclear generation facilities.

“Vintage Subaccounts” record and recover the above market power costs associated with PG&E’s authorized procurement plan by vintage. Power costs recorded in each vintage subaccount include, but are not limited to, fuel and greenhouse gas (GHG) costs, third party power purchase contracts, and utility owned generation revenue requirements. These costs are offset by CAISO generation revenues, forward sales revenues, and PCIA revenues from customers assigned to the vintage subaccount. Note that each year beginning with 2009 has its own vintage subaccount. Resources are assigned to a vintage portfolio based on the year the generation resource commitment is made (i.e., contract execution date or Commission approval of UOG construction) and customers are assigned to a vintage based on their departure date. Customers who depart

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<i>Advice</i>	6923-E	<i>Issued by</i>	<i>Submitted</i>	April 24, 2023
<i>Decision</i>	D.23-02-040	Meredith Allen	<i>Effective</i>	May 24, 2023
		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



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before July 1 of a given year are assigned to the prior year's vintage.

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Advice 6923-E
Decision D.23-02-040

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5. ACCOUNTING PROCEDURES: (Cont'd.)

In Compliance with Decision (D.) 20-06-002, PCIA-eligible resources that are procured by the Central Procurement Entity (CPE) for resource adequacy will be recovered through the New System Generation Charge (NSGC) and recorded to Centralized Local Procurement Subaccount (CLPSA) of the New System Generation Balancing Account (NSGBA). Resources recovered through the NSGC and recorded to the CLPSA in the NSGBA will be excluded from the PABA vintage subaccount for the duration of the resources contract with the CPE. At the end of the CPE contract the resource will be reclassified back to its original cost recovery mechanism, which for a PCIA-eligible resource would be to a PABA vintage subaccount. When the resource is reclassified from recovery through the NSGC back to PCIA recovery, the resource will be exempt from the PCIA rate cap adopted in D.18-10-019.

The PCIA vintage each UOG facility is assigned is shown below:

<u>Facility</u>	<u>Vintage Subaccount</u>
Colusa	2009
Gateway	2009
Humboldt	2009
Fuel Cells	2010
Photovoltaic Solar	2010 and 2012

The following entries will be made to the Legacy UOG and Vintage Subaccounts at the end of each month, or as applicable, excluding an allowance for Revenue Fees and Uncollectible (RF&U) account expense: (D)

Customer Billed Revenue Entries:

- a. A credit entry equal to PCIA revenues attributable to the Vintage from bundled customers.
- b. A credit entry equal to PCIA revenues attributable to the Vintage from DA customers.
- c. A credit entry equal to PCIA revenues attributable to the Vintage from CCA customers.
- d. A debit or credit entry equal to the difference between the vintaged PCIA revenues attributable to bundled customers served under the Disadvantaged Communities Green Tariff (DAC-GT) rate schedule and PCIA billed under the DAC-GT customer's otherwise applicable rate tariff.
- e. A debit or credit entry equal to the difference between the vintaged PCIA revenues attributable to bundled customers served under the Community Solar Green Tariff (CS-GT) rate schedule and PCIA billed under the CS-GT customer's otherwise applicable rate tariff.

Actual Sold Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) Transaction Entries:

- f. A credit entry equal to revenues received for Actual Sold RPS transactions.
- g. A credit entry equal to revenues received for Actual Sold RA transactions.

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5. ACCOUNTING PROCEDURES: (Cont'd.)

Retained RPS and RA Value Entries:

- h. A credit entry equal to the Retained RPS Value, determined using the most current Commission-adopted RPS Adder multiplied by Actual Retained RPS quantities. A corresponding debit entry equal to the Retained RPS Value is recorded in ERRA.
- i. A debit or credit entry to true-up the Retained RPS Value, determined using the Forecast RPS Adder to the Actual Retained RPS Value using the Final RPS Adder. A corresponding credit or debit entry equal to the true-up of the Retained RPS Value is recorded in ERRA.
- j. A credit entry equal to the Retained RA Value, determined using the most current Commission-adopted RA Adder, multiplied by the Actual Retained RA quantities. A corresponding debit entry equal to the Retained RA Value is recorded in ERRA.
- k. A debit or credit entry to true-up the Retained RA Value, determined using the Forecast RA Adder to the Retained RA Value using the Final RA Adder. A corresponding credit or debit entry equal to the true-up of the Retained RA Value is recorded in ERRA.

System RA Value Transferred to the System Reliability Incremental Procurement Subaccount in New System Generation Balancing Account (NSGBA):

- l. A credit entry equal to the value of RA capacity that is excess or unsold RA capacity that is transferred to the System Reliability Incremental Procurement Subaccount of NSGBA and used to meet the updated system reliability incremental procurement targets pursuant to D.21-03-056 and D.21-12-015, after having made reasonable attempts to sell excess capacity to other load-serving entities to meet their 15% planning reserve margin. The credit entry will use the most current market price benchmark for system RA approved in the Annual ERRA Forecast, which is used to calculate the value of RA capacity in the PCIA calculation.

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Utility-Owned Generation Related Entries:

- m. A debit entry equal to one-twelfth of the electric generation portion of revenue requirement associated with the CPUC authorized pension contribution amount.
- n. A debit entry equal to the annual authorized revenue requirements associated with PG&E's owned generation divided by twelve, excluding PCIA-eligible UOG resource costs that have been procured by the Central Procurement Entity (CPE) for recovery through the New System Generation Charge (NSGC) and recorded to the Centralized Local Procurement Subaccount (CLPSA) of the New System Generation Balancing Account (NSGBA).
- o. A debit or credit entry, as appropriate, to record ESA costs associated with PCIA eligible generation resources portfolio/ procurement activity (which is embedded in the annual authorized revenue requirements associated with PG&E's owned generation).
- p. A debit or credit entry, as appropriate, to record the gain or loss on the sale of an electric generation non-depreciable asset, as approved by the CPUC.
- q. A debit entry equal to one-twelfth of the annual authorized revenue requirement for the Diablo Canyon Power Plant Employee Retention Program (see corresponding entry in the Employee Retention Subaccount of the Diablo Canyon Retirement Balancing Account (DCRBA) per Preliminary Statement HK, 5b.1).

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5. ACCOUNTING PROCEDURES: (Cont'd.)

Utility-Owned Generation Related Entries: (Cont'd)

- r. A debit entry equal to one-twelfth of the annual authorized revenue requirement for the Diablo Canyon Power Plant license renewal costs.
- s. A debit entry equal to one-twelfth (or amortization period approved) of the power generation portion of the interim rate relief as authorized by the CPUC in D.19-04-039, or future interim rate relief Decisions as authorized by the Commission.

CAISO Related Entries:

- t. A debit or credit entry equal to the net charges or revenues for energy associated with generating resources recovered in PABA, which excludes net charges or revenues for energy associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA, and excludes charges and energy revenues associated with interim pool renewable resources that support the DAC-GT program and the GTSR program. (T)
- u. A debit or credit entry equal to the net charges or revenues for miscellaneous CAISO charges/credits associated with generating resources recovered in PABA, which excludes net charges or revenues for miscellaneous CAISO charges/credits associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA, and excludes net charges or revenues for miscellaneous CAISO charges/credits associated with interim pool renewable resources that support the DAC-GT program and GTSR program. (T)
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- v. A debit or credit entry equal to the net charges or revenues for ancillary services associated with generating resources recovered in PABA, excluding net charges or revenues for ancillary services associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.

Fuel Costs:

- w. A debit entry equal to natural gas fuel and related transportation and miscellaneous expenses for PCIA eligible UOG resources and contracts, excluding expenses in this category that have been allocated to PCIA-eligible UOG and contract resources that have been procured by the CPE for recovery through the NSGC and recorded to the CLPSA of the NSGBA.
- x. A debit entry equal to distillate fuel and related transportation and miscellaneous expenses used at PG&E's fossil plants as a back-up, excluding expenses in this category that can be allocated to PCIA-eligible UOG and contract resources procured by the CPE for recovery through the NSGC and recorded to the CLPSA of the NSGBA.
- y. A debit entry equal to the hydroelectric fuel and related transportation and miscellaneous expenses, excluding expenses in this category that have been allocated to PCIA-eligible UOG and contract resources that have been procured by the CPE for recovery through the NSGC and recorded to the CLPSA of the NSGBA. The fuel expenses include water purchase costs for the hydroelectric plants.
- z. A debit entry equal to nuclear fuel and miscellaneous expenses for the Diablo Canyon Nuclear Power Plant. (L)
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5. ACCOUNTING PROCEDURES: (Cont'd.)

Fuel Costs: (Cont'd)

- aa. A debit entry for nuclear fuel carrying costs equal to the interest on the monthly nuclear fuel inventory at the beginning of the month and one-half the balance of the current month's activity, multiplied at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

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Contract Costs:

- ab. A debit entry to total costs associated with QF obligations that are not eligible for recovery as an ongoing CTC, which excludes non-CTC QF costs associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.
- ac. A debit entry equal to bilateral contract obligations, which excludes bilateral costs associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.
- ad. A debit or credit entry equal to renewable contract obligations, and fees associated with participating in WREGIS, net of interim renewable resource costs supporting the DAC-GT Program, and net of WREGIS fees supporting the DAC-GT and the CS-GT Programs.
- ae. A debit entry equal to the capacity and energy costs for QF/non-CHP Program contracts, which excludes QF/non-CHP costs associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.
- af. A debit or credit entry equal to the cost or revenue associated with combined heat and power systems authorized in D.09-12-042, D.10-12-055 and D.11-04-033, and defined in PG&E's tariffs E-CHP, E-CHPS, and E-CHPSA, which excludes combined heat and power costs associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.

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5. ACCOUNTING PROCEDURES: (Cont'd.)

GHG Costs:

ag. A debit entry equal to the greenhouse gas costs related to PG&E's generating facilities and physically settled compliance instruments associated with contracts, including carrying costs, which excludes GHG costs associated with PCIA-eligible resources procured by the Central Procurement Entity for recovery through the NSGC and recorded to the CLPSA of the NSGBA.

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Green Tariff Shared Renewables (GTSR) Program Entries

ah. A credit or debit entry to reflect the transfer of PCIA Program Charge expense associated with the GTSR Program for customers taking service under Schedule E-GT) schedule, equal to the PCIA Program Charge rate, multiplied by the kWh delivered under the program to the E-GT customers for the month, and/or entry to reflect any subsequent true-up of the Program Charge components' expense to actual costs.

ai. A credit or debit entry to reflect the transfer of PCIA Program Charge expense associated with the GTSR Program for customers taking service under Schedule E-ECR, equal to the PCIA Program Charge rate, multiplied by the kWh delivered under the program to the E-ECR customers for the month, and/or entry to reflect any subsequent true-up of the Program Charge components' expense to actual costs.

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aj. A debit or credit entry to reflect: (1) the transfer of the interim pool resource's contract expense associated with the GTSR Program for customers taking service under Schedule E-GT, equal to the interim pool weighted average costs, multiplied by the portion of kWh delivered under the program to E-GT customers that the vintage's interim pool resources support for the month and (2) annual entry to reflect any subsequent true-up of the weighted average price and generation volumes of the interim pool resources used to support the E-GT customers' subscription level to final actual costs and generation amounts available to support the program.

(N)

(N)

Miscellaneous Costs

ak. A debit or credit entry equal to pre-payments and credit and collateral payments, including all associated fees, for procurement purchase and, if applicable, reimbursements of prepayments, credit and collateral payments.

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al. A debit entry equal to any other power costs associated with procurement.

(T)

am. A credit/debit entry to transfer/repay the undercollection due to the PCIA revenue shortfall from the applicable PABA subaccount to the PUBA. The PCIA revenue shortfall is equal to the difference between the uncapped vintaged PCIA rate by customer class minus the capped vintaged PCIA rate by customer class applicable to departing load customers, net of RF&U, multiplied by the departing load's usage by customer class for each vintage. The PCIA revenue shortfall is mapped to the PABA vintage subaccounts based on incremental revenue shortfall rates. Corresponding debit/credit entries will be recorded in the PCIA Undercollection Balancing Account (PUBA), Electric Preliminary Statement Part HZ, based on the cumulative revenue shortfall rates, by customer vintage.

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5. ACCOUNTING PROCEDURES: (Cont'd.)

Miscellaneous Costs (Cont'd.)

an. A debit or credit entry, as appropriate, to record the transfer of amounts to or from other accounts, upon approval by the CPUC. (L)/(T)
(L)

Interest: (L)

ao. An entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor. (L)/(T)
(L)

6. POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA) SUBACCOUNT (L)

The purpose of the PCIA Subaccount is an interim subaccount that tracks the difference between the actual PCIA revenue based on currently effective PCIA rates and the imputed PCIA revenue based on the PCIA rates proposed in PG&E's currently pending ERRA Forecast proceeding in the event the rates in that proceeding are approved after January 1st.

PG&E shall maintain the PCIA Subaccount by making the following entries at the end of each month, or as applicable, excluding an allowance for RF&U account expense, until the authorized PCIA rate is implemented:

- a) A debit entry equal to imputed PCIA revenue based on the PCIA rate as adopted by the Commission;
- b) A credit or debit entry equal to the recorded PCIA revenues; and
- c) A credit or debit entry to transfer the balance as authorized by the Commission.

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