BES Rates Webinar Transcript, 10/23/24

Hello, good morning. So we are going to begin in just a moment. Hello, again. Thank you for joining us for the PG&E 2024 fall semi-annual business and agricultural rate filings, tools, and updates. Our agenda today is to briefly go over safety and logistics. Then, we'll dive right into the gas and electric rate pricing changes and adjustments. We'll review the rate analysis tool and help with some frequently asked questions. Then we'll have a brief Solar Billing Plan update and an announcement regarding upcoming non-core gas webinar. So for safety and security, please make sure that everyone and everything is always safe to the best of your abilities. Please make sure that you're in a good place, that if anything happens, fire, earthquake, you know, you're not comfortable, to please, you know, prioritize yourself and your health and safety. If you need assistance and you are alone, you can please put something in the Q&A. And we will do our best to assist you. Otherwise, feel free to leave and handle, making sure that you are safe. So we are in a new format today called teams townhall. And it's very similar to the prior format. All attendees are on mute automatically. If you experience any audio issues, please log out and log back in first. And if you're still having audio issues, please submit that in the Q&A. And we'll do our best to address that if it's on our side. Please enter your email in the online Q&A section in order to receive a copy of the recording. You will get a PDF copy of the presentation also, and embedded in that will be the Q&A. We will not post the email that you are sending to us-- that you're sending to us. And the Q&A will include not just the questions that are answered during the live event, but anything we weren't able to address at the time. So again, please submit your email address via Q&A. And we will be sure to get you a copy of the recording and the presentation. So if you have any questions that are specific to your business, so something that's identifies you, please include the name and contact information. We will not be publishing that. And then we can address that after the webinar. All right. So let's dive right in to electric and gas rates and the regulatory proceedings update. I will hand this off to Ben. Great. Thank you, Jeanne. And thanks, everyone, for joining us. So we will begin by talking through key regulatory proceedings that may impact rates over the next year. And then we will cover our rate change calendar, going through rate changes through the end of 2025 based on our best forecast today. I do want to highlight that this forecast is based on the latest information available in pending proceedings at the CPUC. But there is a wide range of uncertainty around the timing and magnitude of rate changes for 2025. So things could change as we move closer towards those rate changes. There are a number of pending proceedings on this slide. So I'll plan to touch on each of them briefly. And then we can move into the rate change projections. So first on our list is the 2023 wildfire mitigation and catastrophic events proceeding, which seeks to recover recorded wildfire mitigation and emergency response costs through 2022. For this proceeding, PG&E was granted interim cost recovery. To begin recovering a portion of the requested revenues prior to a final decision, subject to refund. And this was implemented in rates on October 2024. So that will subsequently be removed from rates in October 2025, subject to final decision as we'll see when we move to the rate change calendar. OK. Looking ahead, items two through six have the potential to impact our January 1, 2025 rate change. Number two on the list is the 2021 wildfire mitigation and catastrophic events proceeding, which also requests recovery of recorded wildfire mitigation and emergency response costs up to 2020. And a decision was issued on a portion of this proceeding last year. But we are still waiting on a final decision for the vegetation management cost portion of the proceeding, which we're currently expecting in time for the January 2025 rate change. Third is the 2023 cost of capital proceeding, which sets PG&E's rate of return. The final decision was recently issued, which lowers the rate of return, which, once implemented, would reduce rates next year. And PG&E is required to submit an advice letter to the California Public Utilities Commission with the final amounts. So once that advice letter is approved, it will be implemented in rates, we're currently anticipating January 1st. Fourth on the list is the annual proceeding to recover costs needed to continue the operation of the Diablo Canyon Power Plant. This is the first year of this separate proceeding. And the schedule currently allows for it to be approved and implemented in rates on January 1st. Fifth is the annual energy resource and recovery account forecast proceeding or ERRA proceeding, which sets our procurement related rates for the upcoming year. Similar to Diablo Canyon, this is expected to be approved by the end of this year. And PG&E is submitting an update to this application today with the latest cost forecast for 2025. Sixth on the list is the proceeding to purchase the Oakland General Office. This completes PG&E's headquarters relocation from San Francisco. So while this proceeding around purchasing the Oakland General Office results in a rate increase, there's also a refund currently being provided to customers from the sale of the San Francisco General office. So that covers the pending proceedings that we're anticipating being implemented on January 2025. So next, looking ahead to March 2025, there's two proceedings that we're tracking. So number 7 on the list is the 2022 wildfire mitigation and catastrophic events proceeding. And this one is recovering recorded costs predominantly in the year 2021. The majority of these costs have already been approved and recovered in rates through interim cost recovery. So at this point, we're just waiting on a final decision regarding any remaining amounts to be recovered. For eighth is the gas advanced metering infrastructure proceeding, this request funding to replace aging gas meters. And while the majority of the costs here are recovered in gas rates, there's a small portion that does impact electric rates as well. We're currently tracking approval and time for a March 2025 rate change. So I'll continue to move down the list. Number 9 is the wildfire rate relief bond application. This application was submitted by PG&E this summer. And it seeks to issue bonds to securitize vegetation management expense in order to provide a near-term rate reduction for customers. This application effectively is spreading out the recovery period for these costs. So it results in an immediate rate reduction for the first 12 months. And it's followed by a smaller rate increase for the remainder of the bond life. We are currently expecting implementation around June based on the recent scoping memo in this proceeding. But I will highlight that there is significant uncertainty around whether this application will be approved and when, which would impact the timing of the rate reduction. And then finally, for electric number 10, is the wildfire and gas safety cost application. Similar for this proceeding, interim cost recovery was granted. And it's currently being recovered in rates. So now we're tracking when a final decision will be issued and how much would be left to recover at that time. We're currently anticipating that to be around September 2025 for electric. OK, so that covers the 10 proceedings for electric. And now I'll hand it over to Katia to touch on some of the gas proceedings. Thank you, Ben. Good morning, everyone. My name is Katia. So I won't repeat the details of the proceedings that Ben just went through, since the majority of them overlap into gas rate making. I'll just speak to the one case that Ben didn't speak to which is the gas transmission and storage cost allocation and rate design proceeding. It's also known as CARD. A final decision in the CARD proceeding was issued earlier this year. And then on September 1st, we implemented those rates. The primary updates included a sales forecast that is used to calculate rates. Overall, forecasted sales that were implemented are lower than the prior forecast. So if nothing else was to change, rates would just go up just because of that denominator. In addition, the local transmission allocation was updated, shifting about 2.5% of LT costs from core customers to non-core customers. And this was based pretty much on a settlement. And then the last item is the recovery of inventory management that was moved out of backbone rates and into end use rates. And with that, I will just pass it back to Ben to go over the rates that we will be seeing in the future. Thank you. And then I'll just flag on that previous slide. It looked like there was a misalignment with some of the implementation dates and status next to each proceeding. So we'll correct that in the version that ultimately gets posted, just so that the dates and status line up with the correct proceeding. OK. So moving on to the electric rate change calendar. First, I'd like to ground everyone on this slide. The slide presents system average rates for bundled and direct access or community choice aggregator customers for each rate change anticipated through 2025, along with the key drivers for each rate change. The drivers that are approved for implementation are shown in blue. And the drivers that are still pending are shown in red. So as you can see, for all the forward looking rate changes, there's still a number of pending proceedings highlighted in red, which highlights the uncertainty in this forecast. Finally, I'll mention that the direct access and community choice aggregator average rates are for PG&E provided-- PG&E provided services only. So it excludes the generation supplied by other service providers. And this is why the present rate, as you can see in the bottom left of the screen, is lower for direct access and community choice aggregator customers compared to bundled customers, because it's excluding the generation portion of the rate for those customers. And this naturally results in the percentage changes, often appearing higher for direct access and CCA customers, since it's applied on top of a smaller nominal rate. And so because of this, in these slides, we're showing both the nominal and the percentage change in the average rates. So as presented on this slide, we're currently expecting four rate changes in 2025. But as I mentioned previously, it could change over the course of the year, depending on what happens with the various pending proceedings. So starting with the look back at the October 2024 rate change, we saw an average rate increase of about $0.01 per kilowatt hour, which was about an increase of 3% for bundled customers and near 5% for direct access and CCA customers for PG&E provided services. Looking ahead, our next rate change is planned for January 1, 2025. That rate change is currently forecasted to be about a 1% increase for bundled customers as well as direct access and CCA customers. This includes a number of the pending proceedings that I covered on the previous slide, as well as our annual update to transmission revenue requirements and true up of balancing account balances. In forward to March, we're currently forecasting a decrease of just under half a cent for bundled customers and direct access and CCA customers. So that's about a 1% decrease for bundled and about a 2% decrease for direct access and CCA. This is mainly driven by the completion of recovery of the 2020 wildfire mitigation and catastrophic events proceeding. And so next, we have the June rate change, which is where we're currently projecting to implement the wildfire rate relief bond application. And as I mentioned previously, this proceeding creates a rate reduction for a 12-month period. So it would be a rate reduction from June 2025 until June 2026, followed by a smaller rate increase for the duration of the bonds. And as I mentioned, there's significant uncertainty around the timing of this proceeding and whether it will be approved. But under PG&E's request, the 12-month rate reduction would decrease rates by about 9% starting in June of next year. And then finally in the slide, we have the September rate change. And this is currently forecast to be a decrease of about 2%. And that's mainly driven by cost recovery periods for prior wildfire mitigation proceedings ending. So with that, we can go to the next slide. And this next slide is mainly included for reference. This shows the rate change forecast by customer class for bundled as well as direct access and CCA customers. So this will be included in the final version of the deck for reference going forward. So with that, I'll hand it over to Katia to talk through gas rate changes. Thank you. Just to orientate everyone, in the lower left corner, our PG&E's present gas rates as of September 1. The rates shown are for large commercial industrial distribution, industrial transmission, and electric generators situated on the distribution and transmission rates. These are just the transportation rates, since all non-core customers purchase gas from a third party. And large commercial customers also have that option. Also, note that these are rates for non-covered entities. So these are the customers who pay the GHG compliance costs to PG&E. So moving on to September, on September 1, as I mentioned, previously, PG&E implemented the GT&S CARD decision as well as a small increase for pension. This resulted in a rate increase of between 0.1% to 16%. The variance in the rate impact was largely driven by the change in the sales forecast. And this will be the last rate change for 2024. So moving forward into 2025, PG&E will be filing its preliminary annual gas true-up-- it's also known as the AGT-- at the end of this month. PG&E files a preliminary AGT on or around October 31 every year. The purpose of the filing is to provide a preview of rates for January 1 for the following year. And it is a consolidation of all pending and approved revenue requirements, as well as a forecast of PG&E's balancing account balances at year end. The balancing accounts are based on September recorded data and a forecast for throughout the end of the year. And then in December, once this preliminary advice filing is approved, PG&E will file its final AGT. And in that filing, we update the balancing accounts to reflect November recorded data and a forecast for December. And it is also updated for all final decisions. So for example, the 2022 WMCE is currently awaiting a decision. If a proposed and final decision isn't issued by December 19, we will remove those costs from the final AGT. So moving, the primary AGT drivers are increases for the GRC attrition, the purchase of the Oakland General Office, higher public purpose program, and balancing accounts. There's also some decreases. The greenhouse costs, gas cost compliance is going down. So the forecasted rate increase is between 6& and 9% for large commercial industrial distribution. And transmission and EG customers will be seeing a decrease between 7% and 12%. And that's mostly driven by the GHG compliance cost. Then as we move into August, we will for sure have a rate change to remove the costs that were associated with the 2020 wildfire mitigation and catastrophic event that were put into rates back in 2023. We are also currently forecasting the implementation of the AMI proceeding in August. This is one of the proceedings that has some uncertainty with it. If we do not receive a decision by mid-March, then these costs will not be implemented in August, but at some other future date. And then for the last rate change that we're forecasting in September is the removal of the 2021 WMCE. And that will again reduce rates for all customers. And with that, we can move to the next slide. And similar to electric, this is just a different format that we've just seen with its percentage increases. And with that, I will pass it back to Jeanne. Thank you so much, Katia and Ben. I really appreciate that presentation. And again, if you have any questions to our attendees, please submit them in the Q&A as well as your email, if you would like to receive a copy of this deck and a link to the recording. So I will be diving into the rate analysis tool. And these are answers to frequently asked questions about what the numbers are and where they come from. So my name is Jeanne. And let's get started. If you have an online account, which we highly recommend you do, your account dashboard should appear similar to this. And on that dashboard, there's a number of tools to assist you in gaining knowledge about your usage. And you know, you can compare your rate plans, change your rate plan based on the comparison, view your cost and usage data, compare current [INAUDIBLE] month bills. There's a lot of information. And you can dive in deeper. And we provide all of that information on this and then links to other pages on our website to help you. So the tool that we're going to focus on is that first one, which is where you compare, and that's our rate analysis tool, or referred to as our rate analysis tool. And so the best rate plan is what it says. So it says find the best rate plan. And I'm going to explain what that means, where there is a best, which is the most beneficial in terms of the dollar amount. And then there's also an applicable rate plan. So we'll get into that in a little bit better. But when you select the rate analysis, you see the image to the left, which is your current rate plan, and in this case, it's a B1, business low use. And it's recommending a B6 as a lower cost with some savings. And then underneath, it says see other eligible rate plans. And if you were to click on that arrow, it gives you a dropdown, shows you if you were interested in going to a larger demand rate, what those dollar amounts would look like. So let's pause here for a moment. And these numbers that you're seeing are based on anywhere from the last 3 to 12 months of usage. And so the pause here is, well, how do I know? Well, there's fine print. We'll show you that. And the dollar amounts that you're seeing are based on the current prices of those particular rate classes. So it's a lot of information on this one page. And I know a lot of our business customers want to use this to forecast into the future. But it's based on a snapshot of time and place based on the past usage, as if you were going to do things exactly the way they were done, and for the months that we have gathered and the data that we have and at the very current rate. So it would be, for example, if you ran a rate analysis today on those October 1 rate prices. So let's get into the fine print. So that fine print is very important. After reviewing your existing electric rate schedule-- and that's important because what this tool is analyzing is what you're currently listed as. So if you happen to currently be a small business customer or on a small business rate, that's what it's measuring you as, even if you're using large, larger amounts of energy. So it still has classified that way. And so it's looking at that data. And so it's reviewing your existing electric rate schedule. And it's a comparison calculating estimated annual cost based on your past 12 months of usage. So I highlighted that in green with an asterisk. That number is now dynamic. We just updated that, because we do use a range. And we want to make sure that you are more informed about the quality of the data that you're receiving. So if it's only three months of usage, for example, then you'd want to know that, because it's not taking into account last winter, last fall. You know, you're missing a lot of information. So it's not a complete picture, the same way that, say-- or a more full picture than, say, 6 months, 9 months, 12 months of usage would reflect. So that number, you want to look at that fine print, because that number is dynamic. So if we have 12 months, it'll say 12 months. If we have eight months, it'll say eight months. So that's really important when you're looking at that rate analysis, because again, we want to make sure that you are well-informed. Now the prices are based on PG&E's bundled rates. And so whether you're a CCA or all in bundled PG&E customer, so you pay us for your generation, because CCAs tend to be-- you know, the percentage difference of what you're being charged is not necessarily as significant. So you can make those percentage adjustments. And I say that, because if you're a CCA and it's maybe a 2%, 3% difference, it may actually be the distinction between what your CCA is charging you for generation versus what PG&E charges for generation, compared to what you currently are paying. Now for direct access customers, because you have contracts that are separate and we don't have insight into those dollar amounts, that all of this reflected on a direct access is the transmission and distribution charges only. So you-- the generation is not a factor. Now for customers-- oh, sorry. This is a very important sentence. Customers must continue to satisfy all tariff eligibility criteria to remain on their existing rate plan or to enroll in the suggested rate plan. And OK, we'll dive into that. So as you're looking at this rate analysis that was presented and it was suggesting a B6 versus a B1, well, why was it suggesting that? Well, as you do the Learn More, it actually gives an explanation on why it would do-- why it would do such a thing. And there are some higher electric prices, but no demand charges. But on a B6, you actually can benefit. Even though there's a higher peak price, you get a lower off-peak price. So if you have your business hours adjusted in such a way that you're taking advantage of those off-peak hours, you actually could benefit from moving from one rate to another. So it gives some, you know, flesh to the bones of why it's making this recommendation. And so that's always something that is good to look into, because the why is very important. And you know, if you're looking at adding a shift or changing hours, this could actually help you decide on making a decision such as that. All right. So now we're going to go back to that last sentence that I was talking about in terms of when we talk about applicability. So we do a best rate, which again, that's beneficial cost-wise to the customer. But we have to have that caveat at the bottom in terms of applicable rate. And the reason we do that is because again, you're being measured at your current rate class. So if we have you as small but you added new equipment, new load, if for some reason, you were to start exceeding the demand levels of that particular rate class for 3 consecutive months within the last 12. So for example, on a B1 or a B6-- so I have a B6 up here right now-- that there's a threshold of 75 kW or the demand. And so for that, you're actually not eligible to remain on that if you're exceeding the 75 kW. So that transition that we have in here is that we will transition those customers onto the applicable rate schedule, which would be a demand rate schedule for anybody above 75 k that has-- you know, consistent usage above 75 kW, which is what we consider that 3 consecutive months or more. And so in this instance on B6, we're saying that we would transfer you over to the B10 rate class and rate schedule. And we would do that on the November billing cycle, because that is typically when we transition our commercial or B rate customers in a wave. So even if it was the June, July, August, we're not going to do it in September. It'll always have November. Or if it was January, February, March, it'll still happen in November. You know, that type of thing-- type of thing. So just to kind of, you know, keep that in mind. And I say this because you do get a notice 45 days prior to that. And if you decide after looking at the best rate and you're like, you know what? I don't want to be on a B10. I want-- because I have high energy use and really low demand, I may want to try that B19 voluntary rate. It's-- you know, I think I could benefit more based on the rate analysis when I look at the numbers, when I ran the numbers again. And that right there is where you have that window of time of five days prior to that transition date in order to make an adjustment that you feel would benefit you best. Now just to-- you're like, well, how do I know what my threshold is? That's a common question. And without having to go into all that, dig into the tariff too deeply for each of your rates, we do have a business rate summary. All of our reps, assigned reps, calls, they are very familiar with these thresholds. That's very much part of their jobs. And so just, this is a nice cheat sheet we have for customers in terms of your business low use and the B6. And it tells you the benefits. So there's no demand charges for B1. There's no demand charges for B6. But it does explain that higher peak and lower off-peak rates, you know, than, let's say the B10 or you know, the B1, then the B10, B19. Now B19 is special, because what I will point out about B10 and B19 is there are caps. So there is a limit to how high you can go on those rates. But there is no bottom on that one. So a B1 could get a recommendation for B19 voluntary or a B10, if you start to go over that 75 kW, because there is no, you know, floor on those. So the B19 is a very special rate, because that's the one I get the most questions about since we have that voluntary option. And then we have the mandatory option, which you see is from-- that one has a floor of 500 and then a ceiling of 999. And then after-- and that's a mandatory rate. So if you're using that level of energy, then you are required to be on that rate of B19, or if you go above B20. B19 voluntary is special, because it actually has a much lower customer charge and that you have a lot more wiggle room in terms of not having a floor and having that 499 cap. And it does have certain benefits in terms of lower energy rates. Though it has a slightly higher demand charge than B10, if you have very-- you can benefit a lot if you have very low demand, but a lot of energy usage. So it's-- that one is something where people question it the most, because it's demand rate and why it's being recommended. But there are some benefits to that, if it is being recommended, that are worth exploring. OK. So that was the overview of, OK, so this worked perfectly. Well, sometimes you'll get an error message. And one of our most common error messages is your rate plan is not currently supported. Well, there's other error messages where we have incomplete-- you know, we have the incomplete data. So if we have incomplete data, we either have something that's missing. So there were, you know, problems with reading the meter or your service agreement number changed. And you know, we just-- it's not-- something didn't connect. And we're fixing that in our system right now, where there's a more-- where that picture stays more complete. And we're able to do that evaluation. So if you get an error message that it's insufficient data, it's usually because there's some sort of gap in the data. Or we don't feel that we can give you an adequate assessment based on what we have. So for your rate plan is not currently supported, that actually is the most common. That has to do with our more complex net energy metering, whether it's the first wave or the NEM2 accounts. And right now, our system isn't able to support that, because it's taking-- you know, just the amount of data that it's taking in. And we just don't want to give you inaccurate information. But as far as-- we want you to make the best decisions possible. Now we are implementing building out a new billing system because of the Solar Billing Plan that's going to be implemented. And that should be able to cover all of the different incarnations. And the Solar Billing Plan's so complex. You know, the more straightforward 1 to 1 meter type of thing, and which we call the simple NEM or NEM2. And then eventually, there is a plan to build in the ability to do the complex NME2 to service agreements. So anyway, that was our overview. If you have any questions, please submit them in the Q&A. We will do our best to answer them. And for the Solar Billing Plan, we're going to roll into the update on this. And right now, that Solar Billing Plan for non-residential-- residential was implemented during the summer this year. But for non-residential, we've been getting quite a few questions. Well, because we're building out that billing system, the billing implementation-- and it is more complex, typically. It will not be going into effect until April of 2026. Well, who is impacted by this? Well, right now, it's anybody who's NEM-- so in terms of-- and when I say NEM, I mean your solar system or your, you know, net energy metering system, whatever that may be, that's under that NEM contract. Those customers whose legacy period has ended. So it's a 20-year period. So those people will be rolling into the Solar Billing Plan. And something I want to note about that, because that word legacy is very important. Legacy means that that is the applicable contract that you have. But once you are transferred to the new Solar Billing Plan, you do not get a legacy status with that new program, because it is-- you know, what that protection was in terms of the legacy was with the initial contract you had. So then the non-residential customers who submit an application after April 15 of this year-- or sorry, last year, excuse me, of April 2023, the resources-- you know, they are also going to be changing over into the billing in April of 2026. So we are actually coming up with resources and training specifically targeted for our non-residential customers. And they will be getting posted online. We'll even be setting up a training for you to attend. So that way, we can have live questions as we come closer. And then we want to make sure that our customers have a comfortable understanding of what is different or more unique about this particular program compared to what they're traditionally used to and then what is similar. So that is the Solar Billing Plan. Now, I would like to go ahead and introduce Alex, who is going to give us an update around the 2024, 2025 non-core gas webinar that's coming up. Good morning, everybody. I wanted to invite everybody here in attendance to participate in our annual non-core gas webinar, which is happening on Tuesday, November 5, between 10:00 and 11:00 AM. Some of the topics we're going to cover are going to be non-core gas refresher. Basically, what is a non-core gas customer, the process that we go through every winter, updating contacts, and such. We'll also cover things like the winter weather forecast to see how that affects gas service to those non-core customers. We're going to cover business development or gas strategies, such as renewable gas as a source of fuel for those customers. Gas, energy efficiency, and we'll cover the INSIDETracc demo, which is a tool for non-core gas customers to obtain data and other things. So I hope everybody can attend. If you need to-- if you haven't received an invite from your account rep, please feel free to contact them so they can provide you that link to register. Thank you. Yeah. So I want to go ahead and tell everybody, thank you so much for attending today. And again, if you'd like to receive a copy of the deck and a link to the recording, please submit your email via the Q&A. And if you have any questions that you have thought of while the presentation was going on and occurring to you, we will leave this open for one minute more. And you can go ahead and type those in and submit them. Any questions that we have not responded to during the live event, we will absolutely be taking our time to answer them thoughtfully and thoroughly and then including those in that copy of the deck that we are going to be sharing out for anybody that submitted an email address. Thank you so much again. And again, we'll be leaving this open for just a moment more.