2023 Supplemental Business and Agriculture Electric & Gas Rates Update

Let's start. Great.

Hello, everyone. Thank you for attending the 2023 Supplemental Business and Agricultural Electric and Gas Rates Update. We don't usually have a mid-year update, but we do appreciate you attending today so that way we can give you updated rates.

We will be recording this, so please be aware that as it is being recorded, we are also asking that you submit your email address in the Q&A portion of Teams Live with questions and your email address. If you have a question that's directly related to your business, please submit that in the Q&A, and it will not be published widely, and then we will do our best to respond to you directly. All right, let's get started.

OK, so today we're just going to quickly go over logistics and safety, along with recent updates to our electric and gas rate pricing-- so any sort of changes or adjustments-- customer tools that may actually help you in terms of these different rate changes so you can analyze your usage, and then finally, just a really brief update on what's going on with the Solar Billing Plan, also known as the Net Billing Decision, which is the latest version of net energy metering.

OK, so because this is a Teams Live event, all attendees are automatically on mute. For audio issues, please log out and log back in. If you are curious if you're having issues hearing any of the presenters, feel free to put it in the Q&A, and we'll let if it's on our end or suggest maybe logging out on your end. Also, again, please enter that email in the Q&A in order to receive a copy of the recording and a copy of the presentation that will include the questions and answers, even those that we don't respond to during the live event itself. And again, your personal email will not be posted. Please enter those questions in that Q&A section also. If you have any question, again, specific to your business, we will do our best to contact you and assist you. Thank you. All right.

And just very quickly, since we are in a workplace, please be aware of your surroundings and all of the risks that are involved. But if you are having a medical emergency and you are alone, you can put in the Q&A. We'll do our best to assist you. Otherwise, please, it's best to practice safety with psychological safety earthquake ergonomics and just making sure that you are in a healthy space.

All right, so let's get started with our electric and gas rates and regulatory proceedings update. Ben, I'll be handing this off to you. Thanks, Jeannie, and I'm joined by Katia Sokoloff as well from our gas rates team. Thanks, everyone, for joining today. Before we dig in, I just want to highlight that everything we're presenting in this rate's forecast is based on the latest information presented in pending proceedings at the CPUC. Since we last met in January, there's been a number of proceedings that have since been approved, so we'll be covering those, as well as highlighting the few proceedings that are still pending that may impact rates later this year. So there's still a wide range of uncertainty in these forecasts, and we'll try and highlight that uncertainty as we talk through the different proceedings.

Following our normal format, we will begin by talking through the key rate change proceedings, and then we'll cover a rate change calendar that presents a rate forecast through the end of 2023. When we reconvene for our third rates webinar this year, later this year, we'll be showing a forecast that goes through 2024. So starting to cover our rate change proceedings for electric, first, we have the 2023 general rate case wildfire insurance settlement. This proceeding carved out the wildfire insurance-related request from the 2023 GRC for separate approval, and it was approved back in January, which resulted in an electric revenue requirement increase of about $400 million that went into effect on March 1. And by implementing this proceeding in March, it will help to reduce the rate impact once we implement the broader GRC, which is currently expected for later this year. Numbers two through four on this list are related to the wildfire mitigation and catastrophic event memorandum accounts proceedings or WMCE proceedings. These proceedings request recovery of recorded costs related to wildfire mitigation and emergency response efforts. So number two is the 2020 WMCE proceeding. This requested recovery of recorded costs from 2017 through 2019, and it was approved in February and implemented in rates on March 1. Third is the 2021 WMCE proceeding, which requests recovery of costs recorded all the way through 2020. This proceeding is still pending, and there is not a proposed decision yet, although a partial settlement has been submitted in the case. So at this point, we're waiting to see when a proposed decision is issued. Based on that, our current expectation is September 2023 implementation. Number four is the 2022 WMCE proceeding, and this request recovery of recorded costs through 2021. And this proceeding was submitted back in December of 2022, and as part of that application, PG&E sought what's called interim cost recovery, which would allow PG&E to begin recovering a portion of the request from customers prior to final decision in the overall proceeding subject to refund. And a decision on this interim cost recovery was issued on June 8, so that's recent information, and that will be incorporated in an upcoming July electric rate change, which, again, we'll be covering on the next slide. So then finally on this list, number five and six is related to the 2023 General Rate Case or GRC, which has been separated into two different tracks. This proceeding was originally submitted back in June of 2021, and there's been a number of updates since then, with the latest update taking place in December 2022, and the forecast that we'll be showing throughout this presentation is based on that December 2022 update. So according to the scoping memo in this proceeding, we are expecting a proposed decision to be issued in the second quarter of 2023, so that should be sometime this month if the proceeding stays on track. And then a final decision would be issued in the third quarter of 2023, which would put us in an expected implementation date of around September of this year. But all of this is still very uncertain, and we'll have a better estimate of that implementation date once that proposed decision is issued, as well as a better estimate of the resulting rate impacts. So with that, I'll give it to Katia to cover the gas proceedings. Thanks, Ben. Good afternoon, everyone. Since the majority of these proceedings encompass both gas and electric, I won't reiterate them. However, I will give an update on the fifth bullet on the gas section, which is the 2023 Gas Transmission and Storage Cost Allocation and Rate Design, also known as [? CARD. ?] This was filed in September of 2021. This used to be part of the GTNS rate case. However, with the separation of the revenue requirement that was placed into the 2023 general rate case, we needed to have another proceeding that would allocate the backbone, the local transmission, and the storage costs, so [? CARD ?] was initiated. The good news is right now, we have finished and have entered into a settlement with the intervenor parties, and that will be presented to the commission probably sometime by the end of this month. We are hoping for the implementation of this proceeding in January of 2024. It will set new allocations for our local transmission. It will create the new backbone rates. This will all be done using whatever is approved in the 2023 general rate case. With that, I will pass it back to Ben.

Thank you.

So if we can move on, here's our electric rate change calendar, and this is all the rate impacts here are excluding the GHG Greenhouse Gas Revenue Return impact. So just to orient everyone on this slide, this slide presents system average rates for bundled and community choice aggregator or direct access customers for each rate change that's occurred so far this year and anticipated for the remainder of the year. It also presents the key drivers for each rate change, which I'll cover as I walk through it. The drivers that are shown in blue have been approved by the commission, and then drivers that appear as red are still pending. So as we get to that September rate change, that's where we see the pending 2021 wildfire mitigation and catastrophic events, as well as the pending 2023 general rate case proceedings. Just a reminder that what we're showing here in this forecast is based on the latest S file information, so the ultimate rate impact will depend on what's approved for those pending proceedings. And then one last note for the rate impacts and the average rates for direct access and CCA customers, these rates are for PG&E provided services only, so they exclude the generation component that's supplied by the DA and CCA service providers. So beginning to walk through this chart, looking at the January 1 rate change, there's a number of drivers call out there, but I will just highlight a couple of them. This includes incremental insurance and vegetation management costs, the implementation of a final decision in our 2023 cost of capital proceeding. Our annual update to the transmission revenue requirement, which happens on January 1 of each year, and then finally, the implementation of our 2023 energy resource and recovery account forecast, which is the proceeding that sets our generation and PCI rates for 2023. And taking a look at that January rate increase, we can see that bundled average rates increased by about 3.3%, while direct access and CCA average rates decreased-- it's about 6% decrease, and I note that the percentage there looks like it's mislabeled, so we will correct that in the slide deck that we send out. For the March rate change, we had the conclusion of a refund associated with the DWR bond charge and an annual update for one of our transmission-related balancing accounts. And then we also implemented the two proceedings that were approved that I covered on the previous slide, the 2020 WMCE proceeding and the 2023 GRC self-insurance. So all in for the March rate change, we experienced a bundled increase of about 4.3% and then a direct access and CCA increase of about 8.4%. Again, the direct access and CCA rates exclude generation, so that's what causes that percentage change to appear larger.

For the June rate change due to the timing of various pending proceedings, we implemented a rate decrease in June, which will then be followed by an increase in July as a result of the 2020 WMCE interim cost recovery request that I mentioned previously. So for the June rate change, we had a couple of proceedings coming out of rates that have been implemented in 2022, and that resulted in a decrease in bundled rates of about 1.8% and a decrease in direct access and CCA rates about 3.4%. So looking ahead now to July, as I mentioned, we now have a final decision in the 2022 WMCE interim cost recovery request. So as a result of that proceeding being approved, we're expecting an increase in July of about 5.2% for bundled and about 10% for direct access and CCA customers for PG&E-provided services only. So now looking even further ahead to our expected September rate change, again, this is an estimated date and will depend on the timing of the 2023 GRC and 2021 WMCE proceedings. And both of these are still pending, so what is still in play is the actual rate impacts as well as the timing. But starting with the GRC, the rate impacts here represent if PG&E's request is approved as requested based on that December 2022 update, and there's two drivers that are contributing to this increase. First is an increase related to PG&E's request for the 2023 test year revenue requirements. And second is an increase related to the delay in the issuance of a final decision in this proceeding because the original proceeding was scoped to have a final decision on January 1 of this year, and I'll dive into that second part in a little bit more detail. But before that, regarding the first part, if the commission does approve an amount that's lower than what's requested, it will reduce the rate impact that we would see in the September rate change. And then regarding the second part of the delay in the preceding impact that has, ultimately, a final decision in this proceeding will approve a revenue requirement, again, that dates back to January 1 of 2023. And since that revenue requirement will not be effective in rates until September 1 at the soonest under this forecast, there's going to be an undercollection that accumulates in the balancing accounts, since we would not have begun recovering any of this approved revenue requirement from customers until September. So for this undercollection, we expect the commission to direct us as how to recover it and over what period of time. So in this forecast, we're assuming this undercollection is recovered through the end of 2024, but that remains to be seen whether that is the direction that the commission provides to PG&E. So if the commission directs PG&E to recover this undercollection over a longer period of time, that would result in a lower impact in the September rate change, and the size of the undercollection will also vary depending on the total amount that's ultimately proved in the proceeding. So all that's to say there is still a lot of uncertainty around the September rate change. This is based on PG&E request, and we won't have a better sense for what the rate impact may be until we get a proposed decision, which is supposed to occur later this month, and then a final decision in the third quarter of 2023. So with that, I will pass it over to Katia-- actually, one more slide before that, if we go the next slide. What we're now including in these presentations is not only the system average rate impacts, but we also are breaking that out by customer class based on some requests we've received in the past presentations. So this will be included when the slide deck is sent out to all of you, and you can reference your applicable customer class to get a sense for the forecasted percentage change in rates for that class. So with that, I'll pass it over to Katia to cover the gas rate change calendar.

All righty. Similar to electric, the blue signifies that those are confirmed and will be going into rates, and the red is pending. So back in January, we had our annual gas true-up, and the drivers for that were-- we had an end to one of the WEMA programs. The under collection for the 2020 GRC implementation had also ended. We did have increases to the greenhouse gas, as well as public purpose programs cost of capital, and then there was a reset of a true-up to our balancing account. So the majority of the customers did increase reductions. And this, we are talking about only the transportation rate since a lot of the large [? noncore ?] customers must obtain their procurement from a third party source, so this is strictly the transportation piece. In August, we are looking to have another rate change-- that is for sure-- and it will have slight increases to customers, and that is based on one back in 2022, we had the GT&S audit approved, and the cost for 2022 were to be recovered over one year, where the other costs were to be recovered over five years. So the 2022 costs are being removed. Also, we will be implementing the wildfire mitigation catastrophic event, as well as incremental insurance. After that, we are expecting, if it all comes out, a GRC implementation similar to electric. It would be done in September if the proposed decision comes out and the final decision is approved. Same drivers as electric, so we will-- and again the same thing as what Ben had said. If the revenue requirement is lower than what we have asked for, those percentages will be less. And after that, we can go to the next slide.

As well as similar to electric, we are showing the average transportation rates for small, large commercial customers, industrial distribution, and transmission.

And with that, I pass it back.

Thank you, Ben and Katia.

Thank you, Ben and Katia. I apologize. I have the wrong button. Wayne Cho is here to help present on customer tools that can help you manage your energy and also if interested, explore rate changes. Wayne, take it away? Thank you. Thank you, Jeannie. Good afternoon. I hope everyone's day is going well. Right now, we're going to as Jeannie mentioned, we're going to dive into some of the awesome tools that we have online to help you gain insights into your energy usage and-- Wayne? Yes. Hello? Can everyone hear me?

We can hear you, Wayne. OK, and basically every areas of potential cost savings opportunities. Next.

This screenshot here may look familiar to many of you that have a PG&E.com account. On the left side of the page, you have your account balance and are able to access our billing tools. But for today, we're going to focus on what's on the right side of the page. Here, you have access to tools that can help you understand your business's energy usage and opportunities to save money. These tools are part of our business energy checkup platform. We have tools to help you compare your current rate plan with other rate plans that you're eligible for, change your rate plan if necessary. You can view your historical energy costs and usage data, and you can also compare current and previous month's bill. Clicking on any of these links on this pane here will take you to our Business Energy Checkup Portal, where you have a single point of access to all of these tools. So right now, we're going to take a closer look at each of these tools. Next.

Cost and Usage Trends allows you to easily view your energy usage and costs over a period of time. As you can see, you control the time period of the data to view whether you can view the data, whether it's daily, weekly, monthly, or yearly. We also make it easy for you to specify a custom date range to view your cost and usage trends. You could do that-- you can easily switch views to focus on electricity costs or electricity usage over that period of time. And for our gas customers, you can also view your gas usage and costs. I do want to mention, one of the coolest features of this tool is as you mouse over or hover a specific bar on the chart, you will see a rollover window appear as a screenshot with a detailed breakdown of your energy usage and costs. So as you can see here, you really can see where at what points during the day you're using your energy. Whether it's your on-peak energy, part peak, off-peak, and how that basically percolate or how that totals up to the actual total for that particular time period.

Next.

For those of you that find yourselves frequently comparing your current bill with the previous month's bill to see how your costs and energy uses may change, we basically made it easy for you with the Compare Cost Tool. This tool basically allows you to compare a bill with the previous month's bill or last year's bill from the same time period. The tool breaks down the key changes impacting costs. In this example, the screenshot we see that the current bill is $57 lower than the previous month's bill. And then over to the right of the page, we display a summary of the key changes that's driving the change in costs. Clicking on the Details link in each of the categories will provide that additional granularity of detail driving those costs. Next.

Next, this is rate analysis. If you ever wonder whether you're currently on the best rate plan, this is the tool for you. Rate analysis allows you to see how your current rate plan compares to other rate plans that you're also eligible for. Behind the scenes, the system is actually taking the actual usage of the past 12 months to calculate the price of that usage under each of the rate plans that you're eligible for. As you can see from this screenshot, the B6 rate plan is showing up as a better rate plan that would save this particular customer $45. Clicking on-- you look below, there's a Other Rate Plans link. And when you click on that, we'll display all of the other rate plans that you're eligible for and the projected cost for each of those other eligible rate plans. One thing I do want to mention is that there are some limitations with the rate analysis tool. A customer must have at least six months of usage data for this analysis to work. There's also a small segment of customers that currently do not have access to rate analysis. One is our customers that are on complex NEM rates, and the second is customers that have multiple service points per service agreement. I do want to say that we are working hard to unblock these customers in the near future.

Next.

If you notice, there's a Learn More link on the rate analysis for each of those panels there for the rate plans. Clicking on that Learn More link will present you with the explanation, detailed explanation and comparison of the rate plan. You see an overview of the rate plan. Additionally, there's a chart showing the month to month comparison between the two rate plans.

The rate analysis tool runs-- this rate analysis tool runs the analysis against a single service agreement. That is important. So you can easily-- and we make it easy for you to select the specific service agreement to analyze through. If you notice on the upper right hand corner, there's a Service Agreement dropdown box that you can select a specific service agreement. However, as we all know, there are many businesses that tend to have more than one service agreement, so wouldn't it be great if

I could run this analysis across all of my service agreements rather than having to select a service agreement, one service agreement at a time, and this is where batch rate analysis comes in. Next slide, please.

This tool basically does the same thing as the Rate Analysis Tool that we just talked about, but it analyzes all of your service agreements at the same time. At the top, you see this panel that shows the potential savings for all of your service agreements. It also lists the total number of green agreements that were analyzed. If you notice, I mentioned earlier, recall, there are some agreements that we can't analyze. For example, if an agreement doesn't have at least six months of usage data, we can't run the analysis. Also, we don't run an analysis for gas service agreements. And then lastly, we show you how many service agreements have potential savings. In this example, there are 95 service agreements, with a better rate for an estimated savings of $198,000. In the second section here, you have the ability to filter the results and target specific savings profiles. For example, you may only want to see service agreements where you're saving more than $100. With this filter, you can really kind of tailor it to show you specific service agreements with specific savings profiles.

And then one thing I also want to mention is to make it easy, you can also upload a specific list of service agreements to run the analysis against. The list can be an Excel spreadsheet that you can just have a list of SAs that you're specifically interested in. And with this tool, you could upload that, and they'll automatically run the rate analysis against all of the SAs that's on that list. And then finally, you can export the results to a file, whether that be a C-- we support CSV as well as PDF. So as I mentioned earlier, rate analysis is a very simple tool but very powerful as well. And I recommend-- I typically when I talk to customers, I recommend that all businesses run the rate analysis at least once a quarter just to ensure that you continue to be on the best rate, best rate plan. Next, please.

The Rate Simulator, this is the tool that allows you to see which rate plan is best if you were to make some changes to your energy usage or demand. Rate Simulator comes in two flavors. We have a General Rate Simulator and an Advanced Rate Simulator. The General Rate Simulator is targeted at users that want to run a really simple simulation. We have an intuitive UI that allows the user to easily define desired adjustments for the simulation. What you can do is basically select the desired time of use period that you want to modify energy usage for, and you can specify whether to increase, decrease, or shift energy to another period. A good use case or a good example of this would be-- so as we saw, taking what you know as we saw from the cost and energy usage chart where you actually saw a detailed breakdown of how your energy is being used across on-peak versus off-peak versus part peak, you could supplement that and use this tool to see estimated cost changes if you decided to shift some of that energy usage, let's say, from on-peak to off-peak. So very powerful adjustments that are made are applied and simulated against the past 12 months of usage data. And the simulator can support up to three adjustments, so you could run a simulation by reducing on-peak usage by 10%, but also as part of that simulation, maybe you want to shift some of the part peak usage to off-peak usage as well. So you could run various combinations of adjustments to really kind of create that custom simulation. And then lastly, for those PDP customers out there, you can also run a simulation based on usage adjustments made for peak day events to see how much you can save during a peak day event. Next. Now we're going to jump into the Advanced Rates Simulator. This is probably going to be more for our power users, those that want to make more targeted and tailored usage demand adjustments. One of the biggest additions here from the General Rate Simulator is that there is a table detailing the actual energy usage over the 12-month period that you specified. So as you can see on the screenshot, the bottom here, that's actual 12 months of usage data, the past 12 months of usage data. So in addition to finding bulk changes like in the General Rate Simulator, users can choose to edit the values in that table to target specific months to change or to target specific periods of energies to change. You can also customize specific SA characteristics. You could change the voltage class from primary to secondary to transmission. For those of you that are on green tariff, you can customize the solar choice contribution percentage. You can also customize the number of PDP event days for those PDP customers. And lastly, change capacity reservation limit. And I also want to call out that the user can customize the 12-month period to simulate against. Whereas with the General Rate Simulator, it specifically runs the simulation against the past 12 months of usage data. So with the Advanced Rate Simulator, you can really tailor a specific 12-month period. You can go back a year or two or three or really customize it to however you want. The Advanced Rate Simulator really helps you solve those tailored what-if questions when you're trying to explore options to help optimize energy usage and costs. So for example, what would be the estimated cost savings if you were considering shutting down operations for a week during the holidays in December? Using this tool, you can very easily adjust the energy usage values in that table for the month of December and run the simulation. And once you run the simulation, it will present you with the cost impact and how that simulation fared in your current rate plan and any other rate plans that you may be eligible for. So very powerful tool for tailored and customized use cases, but you can really learn how energy-- how you're using your energy, where you can use your energy, and when to use your energy to really optimize the opportunities to save money. And next, lastly, last but not least, we've made it easy for you to manage and change your rate. You can get to this page by clicking the Manage Your Plan link from the dashboard or Change Your Rate Plan link on the Rate Analysis page. Here, you'll see all of the service agreements on your account. And to change the rate, it's as easy as clicking on the Change Rate link for the desired service agreement. And once you click on that link, that'll take you to the next slide, and this is where you can see your current rate plan and all of the other plans that you're eligible for to change. And then it's as simple as selecting the desired rate plan and then clicking Next and then to review and submit your request. With that, I'm going to hand it back to Jeannie here. Thank you very much. Thank you, Wayne. I really appreciate that, and those are all very useful tools. So I will be covering the Solar Billing Plan update. We referred to this in the past as the net billing tariff, but really it is the net billing decision at this point in June of 2023, so this is just a overview of what's happening right now in June.

So the Solar Billing Plan timeline is that all applications that were submitted on or after April 15 are eligible for the Solar Billing Plan. However, these customers will be temporarily billed on the existing NEM2 tariff until the Solar Billing Plan is enabled in PG&E's billing system. So there are the customers on residential rates, and they are actually expected to be billed first through the end of this year in December of 2023, and the business customer rates are expected to be billed in June of 2024. The Net Billing Tariff has not yet been approved by the California Public Utilities Commission. And I repeat that it. Is currently still a decision. It is not a tariff as of yet. PG&E's tariff proposed to transition temporarily billed NEM2 customers to the Solar Billing Plan at each customer's annual true-up date. But again, we don't have official CPUC approval on that portion of the tariff.

All right, so the solar programmatic compare and contrast highlight. So this is just visually to be more helpful in terms of what the feature is, what the NEM2 tariff says, and then where we are in the Solar Billing Plan. And there's quite a bit. I'm not going to read every single item to you, but the highlights are that in terms of the required rates for nonresidential, it's any TOU rate applies. The legacy treatment is one of the more dramatic changes in terms of it being from 20 years to 9 years. And then also the monthly payments are going to be net charges paid each month, which for large nonresidential customers, it was current, but for some other small and medium businesses, we used to do annually, and there was a lot of feedback that that caused complications with billing. And then again, the true-up period is still going to be 12 months, but they can with the new net bill-- or, sorry, with a new Solar Billing Plan, those charges also must be paid in a given month when the customer uses more energy than their system produces.

And so NEM2A and VNEM2 are going to remain or have remained open after April 15. So PG&E is expecting the decision that will turn this into a tariff later in 2023 on both virtual net energy metering and net energy metering aggregation, so what we call NEMA due to the commission agreeing with Ivy Energy's recommendation to conduct a more thorough analysis of multifamily complexes and rental populations as a separate customer class. There is going to-- at the bottom of the slide, you'll see a link to Ivy Energy's recommendation if you have questions on what that is, and that will be a live link that's included in the deck if you requested a copy of the deck. Otherwise, you can probably Google that on the internet. So again, NEM2A and NEM2V, the general subtariff shall remain unchanged pending further review in this proceeding with the following modifications. So for customers who are interconnecting with either of these after April 14, their legacy period has reduced from 20 years to 9 years to align with the Solar Billing Plan customers. The customers are only eligible for NEM2A they already have two or more meters as of December 15 of 2022. And then customers interconnecting to NEM2V are allowed to have multiple generators to make up their generator account, similar to virtual NEM, so the two solars on multifamily affordable housing. So NEM2V SOM. And again, that was just a brief highlight of where we currently are pending the approval of the tariff, so once a decision is voted on.

All right, and I want to thank our presenters and thank all of you for taking the time to attend today. I know this was a little unorthodox in terms of having a supplemental rates webinar, but again, if you are interested in receiving a copy of the deck and/or recording, then please submit your email into the Q&A segment on your Teams Live, and we will go ahead and send you a copy of both as soon as the link is available and we have all the Q&As answered and responded to. Those will actually be in the appendix of the document. Thank you again, and again, feel free to continue to submit in the Q&A, and we will process those. Have a great afternoon, and we'll give you about just over 20 minutes of your life back.