

Application No.: A.26-06-XXX
Exhibit No.: SDGE-4
Witness: Stephen M. Elliott

PREPARED DIRECT TESTIMONY OF

STEPHEN M. ELLIOTT

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

****REDACTED, PUBLIC VERSION****

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



JUNE 1, 2026

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	DEVELOPMENT OF CALIFORNIA’S CAP-AND-TRADE PROGRAM.....	2
	A. Covered Entities.....	3
	B. LTPP Approved Procurement Methods.....	4
III.	2025 GHG COMPLIANCE INSTRUMENT PROCUREMENT	5
IV.	CONCLUSION.....	6
V.	QUALIFICATIONS	7

APPENDIX A – QCR ATTACHMENT Q – GHG DEALS – 2025 - (**CONFIDENTIAL**)

APPENDIX B – DECLARATION OF STEPHEN M. ELLIOTT REGARDING
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO
D.16-08-024, *et al.*

1 on this showing, SDG&E requests that the Commission find that SDG&E’s 2025 GHG product
2 procurement complies with D.12-04-046, SDG&E’s BPP, and D.19-04-016.

3 **II. DEVELOPMENT OF CALIFORNIA’S CAP-AND-TRADE PROGRAM**

4 In 2006, Assembly Bill (“AB”) 32 became law. The bill requires California to lower
5 GHG emissions to 1990 levels by 2020. To achieve AB 32’s goals, the California Air
6 Resource’s Board (“CARB”) created a scoping plan that included multiple comprehensive
7 actions. One such action was creating California’s Cap-and-Trade Program (now known as the
8 Cap-and-Invest Program, as discussed more fully below), intended to establish a market-based
9 price for GHG emissions, provide market signals to promote investment in Energy Efficiency
10 (“EE”) activities and encourage the use of low emitting electric generation to reduce GHG
11 emissions. The Cap-and-Invest Program covers compliance years 2013 to 2030. The 2013-2024
12 compliance years are divided into four separate compliance periods: Compliance Period 1
13 (“CP1”) covers years 2013-2014; Compliance Period 2 (“CP2”) covers years 2015-2017;
14 Compliance Period 3 (“CP3”) covers years 2018-2020; and Compliance Period 4 (“CP4”) covers
15 years 2021-2023. Compliance periods for 2024-2030 are described in the recent Cap-and-Invest
16 regulation.³

17 CARB has set declining GHG Emissions Caps for each year of the program to provide a
18 trajectory to achieve the State’s 2020 and 2030 GHG emissions goals. An Emission Cap equals
19 the amount of California GHG allowances issued by CARB for that year. The program was

F-18, and F-24 of SDG&E’s BPP were additionally updated with SDG&E’s 2025 forecasts and limits in AL 4565-E, effective December 16, 2024. Appendix B, C, D, E, F, H, J and K of SDG&E’s BPP were updated with SDG&E AL 3738-E and subsequently approved in Resolution E-5196.

³ See Section 95840 of the Cap-and-Trade Regulation for further details on Compliance Periods for 2024-2030. California Air Resources Board, *Article 5: California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms* at 109-110 available at https://ww2.arb.ca.gov/sites/default/files/2021-02/ct_reg_unofficial.pdf

1 designed so that allowances can be banked for use in future years. Future vintages, however,
2 cannot be used to satisfy an obligation for a prior year.

3 Compliance instruments consist of GHG allowances and CARB-verified offsets, the
4 latter of which is a verified reduction of GHG emissions from sectors outside the Cap-and-Trade
5 Program. While one offset is equivalent to one allowance and can be used for compliance, their
6 use is limited. For compliance years 2013 – 2020, no more than 8% of compliance year
7 obligations can be fulfilled with offsets. Compliance years 2021-2025 have a 4% annual limit
8 and years 2026-2030 have a 6% annual offset limit.⁴

9 In 2025, California reauthorized its existing Cap-and-Trade program through 2045 via
10 Assembly Bill 1207⁵ and related legislation. As part of this action, the program was renamed
11 “Cap-and-Invest” to emphasize the reinvestment of allowance auction proceeds in emissions
12 reduction, climate resilience, and consumer affordability. The reauthorization did not change the
13 program’s core market-based structure or compliance obligations, but provided long-term
14 regulatory certainty, aligned the program with the state’s 2030 and 2045 climate targets, and
15 directed CARB to update program design elements through rulemaking to support emissions
16 integrity, market stability, and affordability.

17 **A. Covered Entities**

18 Emitters covered under the Cap-and-Invest Program must procure one Compliance
19 Instrument for every metric ton (“MT”) of carbon dioxide equivalent (“CO₂e”) that they emit.
20 Only entities that exceed emissions thresholds and are in sectors covered by the program are

⁴ Note that offsets, although calculated annually, do not need to be surrendered until the end of the compliance period. *See id.* at 136.

⁵ Assembly Bill 1207 (Stats. 2025, ch. 117) available at: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202520260AB1207

1 subject to compliance. Entities subject to compliance are called Covered Entities.⁶ Electric
2 generators that exceed 25,000 MTs of emissions in a calendar year and electric imports are
3 covered entities. As such, SDG&E must purchase Compliance Instruments for its imported
4 power and for its Utility-Owned Generation (“UOG”) plants. Imported power includes generic
5 out-of-state market purchases as well as specified power such as electricity generated from the
6 SDG&E-owned Desert Star Energy Center. At the time of SDG&E’s updated 2025 GHG
7 forecast within its BPP, SDG&E had one California UOG plant as a Covered Entity in the
8 program: Palomar Energy Center. In addition, as a result of contractual agreements pursuant to
9 its Purchased Power Agreements (“PPAs”), SDG&E has procurement obligations for various
10 tolling agreements. For compliance years 2024 – 2026, SDG&E forecasted that it would have
11 compliance obligations for the following tolling agreements: Pio Pico Energy Center and
12 Carlsbad Energy Center.⁷

13 **B. BPP Approved Procurement Methods**

14 The Commission recognized the utilities’ need to procure compliance instruments to
15 fulfill requirements with California’s Cap-and-Invest Program. As a result, the Commission
16 granted procurement authority of GHG compliance instruments along with limitations on
17 procurement methodologies, vintages, and volumetric limits in D.12-04-046 and in SDG&E’s
18 BPP. In accordance with SDG&E’s BPP, SDG&E is authorized to procure seller-guaranteed
19 offsets through a Request for Offering (“RFO”) or via approved broker. SDG&E is also

⁶ See Section 95811 of the Cap-and-Invest Regulation for further details on Covered Entities and Thresholds. *Id.* at 64-66.

⁷ See AL 4565-E, effective December 16, 2024 at Appendices, Sheet F-12, and AL 2850 E-A, approved March 30, 2016 and effective February 19, 2016 at Appendix F, Sheet F-12. Appendix B, C, D, E, F, H, J and K of SDG&E’s BPP were updated with SDG&E AL 3738-E and subsequently approved in Resolution E-5196.

1 authorized to purchase and sell allowance futures via approved exchanges and allowances from
2 CARB-run quarterly auctions and Price Containment Reserve Sales. For SDG&E’s 2025
3 procurement period, the LTPP authorized purchases and sales of Vintages 2013 – 2028.
4 SDG&E’s BPP GHG Limit for the 2025 procurement period was 147 Thousand MT.⁸

5 **III. 2025 GHG COMPLIANCE INSTRUMENT PROCUREMENT**

6 SDG&E seeks the Commission’s determination in this proceeding that SDG&E’s
7 procurement of GHG-related products during 2025 was in compliance with the Commission’s
8 approach on GHG procurement, as stated in the Track III Decision of the LTPP Proceeding,
9 D.12-04-046. In that Decision, the Commission issued a procurement limit regarding
10 Compliance Instruments that “provides the utilities broad latitude, particularly giving them the
11 opportunity to forward procure to the degree they believe compliance instrument prices are
12 favorable, or to postpone procurement to when they believe pricing will become more
13 favorable.”⁹

14 Accordingly, SDG&E developed a procurement strategy to allow SDG&E to remain
15 within the Commission-approved SDG&E GHG procurement limit of 147 Thousand MT for
16 compliance years 2013-2028.¹⁰ The soft cap of \$94.92 and hard floor of \$25.87 for the 2025
17 auctions served as the maximum and minimum prices expected in the auctions. The average
18 settlement price in 2025 for the Vintage 2028 quarterly auctions was \$28.06. The Vintage 2028

⁸ *Id.* at Sheets F-18 and F-19.

⁹ D.12-04-046 at 57.

¹⁰ *See* AL 4565-E, effective December 16, 2024 at Appendices, Sheet F-12, and AL 2850 E-A, approved March 30, 2016 and effective February 19, 2016 at Appendix F, Sheets F-18, and F-19. Appendix B, C, D, E, F, H, J and K of SDG&E’s BPP were updated with SDG&E AL 3738-E and subsequently approved in Resolution E-5196

1 quarterly auctions settled at an average price of \$28.07. SDG&E's procurement activity in 2025
2 is shown in Appendix A.

3 SDG&E purchased [REDACTED] and sold [REDACTED] of Compliance Instruments in the 2025
4 procurement period; net purchases were [REDACTED] which was below SDG&E's limit of [REDACTED]
5 [REDACTED]. SDG&E's 2025 Quarterly Compliance Report ("QCR") Attachment Q tables in Appendix
6 A herein show the specific transactions executed in 2025 and the individual costs associated with
7 each transaction. SDG&E's total net costs from GHG procurement in 2025 was [REDACTED].

8 *See Appendix A for SDG&E's four 2025 QCR Attachment Q tables.*

9 **IV. CONCLUSION**

10 SDG&E's procurement activity was consistent with the approach prescribed by the
11 Commission in D.12-04-046, D.15-10-031, and SDG&E's BPP in Advice Letter 2850-E-A and
12 AL 4565-E, discussed above, for procuring GHG compliance instruments. Therefore, SDG&E
13 requests that the Commission find that SDG&E complied with D.12-04-046, D.15-10-031,
14 Commission-approved AL 2850-E-A and AL 4656-E, and D.21-05-004 based on the testimony
15 provided herein for the record period January 1, 2025 through December 31, 2025.

16 This concludes my prepared direct testimony.
17

1 **V. QUALIFICATIONS**

2 My name is Stephen M. Elliott. My business address is 8315 Century Park Court, San
3 Diego, CA 92123. I am employed by San Diego Gas & Electric as an Sr. Energy Trader in the
4 Energy Supply and Dispatch Department. My responsibilities include managing the execution of
5 SDG&E's GHG portfolio and also the day ahead and forward procurement of natural gas that
6 serves SDG&E's electric portfolio. I assumed my current position in December 2022.

7 I have been employed by SDG&E in numerous positions including an Analyst for Energy
8 Efficiency and Demand Response programs, a Business Analyst for Credit & Collections /
9 Customer Payment Services and a Senior Energy Risk Advisor in Energy Risk Management
10 (Middle Office). I have been responsible for Risk & Compliance of the Electric & Fuel
11 Procurement operations, natural gas scheduling, trading and the management and execution of
12 SDG&E's emissions portfolio.

13 I hold a bachelor's degree in History with an emphasis in Pre-Law studies from San
14 Diego State University and a Masters of Business Administration with an emphasis in Finance
15 from National University.

16 I have previously testified before the California Public Utilities Commission.

APPENDIX A

QCR ATTACHMENT Q – GHG DEALS –2025

CONFIDENTIAL

This data is considered confidential/privileged material; review and access restricted; subject to PUC Sections 454.5(g), 583, GO 66-D, and D.06-06-066.

QCR Attachment Q - GHG DEALS - Q1 2025

Deal Number	Initiation Date*	Transfer Date*	Counter Party	Purchase or Sale	Total Volume (MT)	Average Price (\$/MT)	Notional Value (\$)	Vintage**	Product Type	Method of Transaction	Affiliate	Comments	Offset Project Type	Offset Location	Compliance Period Eligibility ***

* Initiation Date refers to the date that SDG&E committed to the purchase/sale. Transfer Date refers to the date SDG&E received/delivered the allowances/offsets or will receive/deliver the allowances/offsets. For Auctions, Initiation Day is the Auction Date and Transfer Date is when SDG&E received the allowances

For Offsets and Bilateral transactions, Initiation Date is the date the confirm was signed or formal agreement was made and Transfer date is when SDG&E received/delivered the compliance instruments.

** Offsets marked as Vintage 2009- can be Vintage 2007 - 2009; Compliance Instruments marked as YYYY- were transacted as vintage YYYY, but deliveries from counterpart can include prior vintages

*** Compliance Periods are as follows: CP1 is 2013-2014; CP2 is 2015-2017; CP3 is 2018-2020; CP4 is 2021-2023; CP5 is 2024-2026

QCR Attachment Q - GHG DEALS - Q2 2025

Deal Number	Initiation Date*	Transfer Date*	Counter Party	Purchase or Sale	Total Volume (MT)	Average Price (\$/MT)	Notional Value (\$)	Vintage**	Product Type	Method of Transaction	Affiliate	Comments	Offset Project Type	Offset Location	Compliance Period Eligibility ***

* Initiation Date refers to the date that SDG&E committed to the purchase/sale. Transfer Date refers to the date SDG&E received/delivered the allowances/offsets or will receive/deliver the allowances/offsets.
 For Auctions, Initiation Day is the Auction Date and Transfer Date is when SDG&E received the allowances

For Offsets and Bilateral transactions, Initiation Date is the date the confirm was signed or formal agreement was made and Transfer date is when SDG&E received/delivered the compliance instruments.

** Offsets marked as Vintage 2009- can be Vintage 2007 - 2009; Compliance Instruments marked as YYYY- were transacted as vintage YYYY, but deliveries from counterpart can include prior vintages

*** Compliance Periods are as follows: CP1 is 2013-2014; CP2 is 2015-2017; CP3 is 2018-2020; CP4 is 2021-2023; CP5 is 2024-2026

QCR Attachment Q - GHG DEALS - Q3 2025

Deal Number	Initiation Date*	Transfer Date*	Counter Party	Purchase or Sale	Total Volume (MT)	Average Price (\$/MT)	Notional Value (\$)	Vintage**	Product Type	Method of Transaction	Affiliate	Comments	Offset Project Type	Offset Location	Compliance Period Eligibility ***

* Initiation Date refers to the date that SDG&E committed to the purchase/sale. Transfer Date refers to the date SDG&E received/delivered the allowances/offsets or will receive/deliver the allowances/offsets.

For Auctions, Initiation Day is the Auction Date and Transfer Date is when SDG&E received the allowances

For Offsets and Bilateral transactions, Initiation Date is the date the confirm was signed or formal agreement was made and Transfer date is when SDG&E received/delivered the compliance instruments.

** Offsets marked as Vintage 2009- can be Vintage 2007 - 2009; Compliance Instruments marked as YYYY- were transacted as vintage YYYY, but deliveries from counterpart can include prior vintages

*** Compliance Periods are as follows: CP1 is 2013-2014; CP2 is 2015-2017; CP3 is 2018-2020; CP4 is 2021-2023; CP5 is 2024-2026

QCR Attachment Q - GHG DEALS - Q4 2025

Deal Number	Initiation Date*	Transfer Date*	Counter Party	Purchase or Sale	Total Volume (MT)	Average Price (\$/MT)	Notional Value (\$)	Vintage**	Product Type	Method of Transaction	Affiliate	Comments	Offset Project Type	Offset Location	Compliance Period Eligibility ***

* Initiation Date refers to the date that SDG&E committed to the purchase/sale. Transfer Date refers to the date SDG&E received/delivered the allowances/offsets or will receive/deliver the allowances/offsets.

For Auctions, Initiation Day is the Auction Date and Transfer Date is when SDG&E received the allowances

For Offsets and Bilateral transactions, Initiation Date is the date the confirm was signed or formal agreement was made and Transfer date is when SDG&E received/delivered the compliance instruments.

** Offsets marked as Vintage 2009- can be Vintage 2007 - 2009; Compliance Instruments marked as YYYY- were transacted as vintage YYYY, but deliveries from counterpart can include prior vintages

*** Compliance Periods are as follows: CP1 is 2013-2014; CP2 is 2015-2017; CP3 is 2018-2020; CP4 is 2021-2023; CP5 is 2024-2026

APPENDIX B

**DECLARATION OF STEPHEN M. ELLIOTT REGARDING
CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO
D.16-08-024, *et al.***

**BEFORE THE PUBLIC UTILITIES
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF STEPHEN M. ELLIOTT
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.16-08-24, *et al.***

I, Stephen M. Elliott, do declare as follows:

1. I am a Sr. Energy Trader in the Electric and Fuel Procurement for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Adam Pierce, Vice President of Energy Procurement and Rates. I have reviewed the Prepared Direct Testimony (“Testimony”) in support of SDG&E’s June 1, 2026 “Application ... for Approval of ERRR Compliance of Record Period 2025” (“Application”). I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decisions (“D.”) D.16-08-024, D.17-05-035 and D.17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in Mr. Elliott’s Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal citations and narrative justification described in Attachment A, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 11th day of May 2026, at San Diego.

DocuSigned by:
Stephen M. Elliott
647E885B23E2473...

Stephen M. Elliott
Sr. Energy Trader, Electric & Fuel Procurement

ATTACHMENT A

SDG&E Request for Confidentiality on the following information contained in Stephen M. Elliott’s Testimony in support of SDG&E’s Application

Location of Protected Information	Legal Citations	Narrative Justification
<p>1. SL-5, lines 2 and 13; SL-6, line 2</p> <p><i>(SDG&E’s 2025 volumetric limit)</i></p>	<p>D.08-04-023</p> <p>D.14-10-033, D.16-08-024, D.17-05-035, D.17-09-023, Public Utilities Code Section 454.5(g)</p> <p>General Order (“GO”) 66-D</p> <p>17 CCR § 95914(c) (the “ARB Confidentiality Regulations”)</p> <p>The GHG Confidential Information Matrix in Attachment A of D.14-10-033 and revised in D.15-01-024</p> <p>I.iii. of Attachment A makes the following confidential: CPUC-approved procurement limits for compliance exposure and financial exposure</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>The Protected Information is entitled to confidential treatment under applicable law, including, but not limited to, the legal authority cited herein. The information does not expressly fall within any category of the IOU Matrix applicable to electric procurement information but is market-sensitive information.</p> <p>Among other things, 17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information. Violation of Section 95914 may subject SDG&E to penalties by the California Air Resources Board.</p> <p>In addition, Attachments A, C & D of D.15-01-024 and Appendices A & B of D.15-10-032 require Auction-related information, forecasts of emissions intensity, forecasts of greenhouse gas (GHG) costs, GHG transactions, compliance instrument prices, weight average cost (“WAC”) and other GHG information to be kept confidential.</p> <p>Additionally, the Protected Information also includes trade secret information because SDG&E’s bidding/consignment strategies contain “commercial value,” which gives SDG&E “an opportunity to obtain a business advantage over competitors who do not know or use it.”</p> <p>Disclosure of this information would place SDG&E at an unfair business disadvantage relative to other Cap-and-Trade market participants and result in higher Cap-and-Trade compliance costs for SDG&E and its end-use ratepayers.</p>
<p>2. SL-6, lines 1-2, and 6</p>	<p>D.08-04-023</p> <p>D.14-10-033, D.16-08-024, D.17-05-035, D.17-09-023,</p>	<p>The Protected Information is entitled to confidential treatment under applicable law, including, but not limited to, the legal authority cited herein. The information does not expressly fall within any category of the IOU Matrix applicable to electric procurement information but is market-sensitive information.</p>

Location of Protected Information	Legal Citations	Narrative Justification
<p><i>(SDG&E’s 2025 Direct GHG procurement: volumes and cost)</i></p>	<p>Public Utilities Code Section 454.5(g)</p> <p>General Order (“GO”) 66-D</p> <p>17 CCR § 95914(c) (the “ARB Confidentiality Regulations”)</p> <p>The GHG Confidential Information Matrix in Attachment A of D.14-10-033 and revised in D.15-01-024</p> <p>1b of Attachment A makes the following confidential: Utility GHG compliance instrument inventories or quantities that can be used to derive GHG compliance instrument holdings</p> <p>Gov’t Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>Among other things, 17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information. Violation of Section 95914 may subject SDG&E to penalties by the California Air Resources Board.</p> <p>In addition, Attachments A, C & D of D.15-01-024 and Appendices A & B of D.15-10-032 require Auction-related information, forecasts of emissions intensity, forecasts of greenhouse gas (GHG) costs, GHG transactions, compliance instrument prices, weight average cost (“WAC”) and other GHG information to be kept confidential.</p> <p>Additionally, the Protected Information also includes trade secret information because SDG&E’s bidding/consignment strategies contain “commercial value,” which gives SDG&E “an opportunity to obtain a business advantage over competitors who do not know or use it.”</p> <p>Disclosure of this information would place SDG&E at an unfair business disadvantage relative to other Cap-and-Trade market participants and result in higher Cap-and-Trade compliance costs for SDG&E and its end-use ratepayers.</p>
<p>3. <i>Tables on SL-A-1, SL-A-2, SL-A-3, and SL-A-4</i></p> <p><i>(SDG&E’s 2025 Direct GHG procurement:)</i></p>	<p>D.08-04-023</p> <p>D.14-10-033, D.16-08-024, D.17-05-035, D.17-09-023, Public Utilities Code Section 454.5(g)</p> <p>General Order (“GO”) 66-D</p> <p>17 CCR § 95914(c) (the “ARB Confidentiality Regulations”)</p> <p>The GHG Confidential Information Matrix in Attachment A of D.14-10-</p>	<p>The Protected Information is entitled to confidential treatment under applicable law, including, but not limited to, the legal authority cited herein. The information does not expressly fall within any category of the IOU Matrix applicable to electric procurement information but is market-sensitive information.</p> <p>Among other things, 17 CCR Section 95914(c)(1) of the Cap-and-Trade regulations prohibits disclosure of any auction-related information. Violation of Section 95914 may subject SDG&E to penalties by the California Air Resources Board.</p> <p>In addition, Attachments A, C & D of D.15-01-024 and Appendices A & B of D.15-10-032 require Auction-related information, forecasts of emissions intensity, forecasts of greenhouse gas (GHG) costs, GHG transactions, compliance instrument prices, weight average cost (“WAC”) and other GHG information to be kept confidential.</p>

Location of Protected Information	Legal Citations	Narrative Justification
<p><i>volumes, prices and costs appear in Appendix A of Stephen M. Elliott's Testimony)</i></p>	<p>033 and revised in D.15-01-024</p> <p>1b of Attachment A makes the following confidential: Utility GHG compliance instrument inventories or quantities that can be used to derive GHG compliance instrument holdings</p> <p>1c of Attachment A makes the following confidential: Negotiated contract terms of non-public contract terms of Utility AB32 GHG transactions</p> <p>Gov't Code §§6254(k), 6254.7 (d), Evidence Code 1060, Civil Code §3426 et seq.</p>	<p>Additionally, the Protected Information also includes trade secret information because SDG&E's bidding/consignment strategies contain "commercial value," which gives SDG&E "an opportunity to obtain a business advantage over competitors who do not know or use it."</p> <p>Disclosure of this information would place SDG&E at an unfair business disadvantage relative to other Cap-and-Trade market participants and result in higher Cap-and-Trade compliance costs for SDG&E and its end-use ratepayers.</p>