

Application No.: A.22-06-XXX

Exhibit No.: _____

Witness: Sheri Miller

PREPARED DIRECT TESTIMONY OF

SHERI MILLER

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

PUBLIC VERSION

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



JUNE 1, 2022

TABLE OF CONTENTS

I. OVERVIEW AND PURPOSE1
II. WEIGHTED AVERAGE COST (“WAC”) CALCULATION1
III. GHG COST RECOVERY2
IV. LOCAL GENERATING BALANCING ACCOUNT (“LGBA”) RESOURCES2
V. CONCLUSION.....3
VI. QUALIFICATIONS4

ATTACHMENT A – 2021 MONTHLY ELECTRIC WAC CALCULATION SPREADSHEET

ATTACHMENT B – 2021 GHG COST RECOVERY TEMPLATE C-2

ATTACHMENT C - 2021 & 2022 GHG COST TEMPLATE D-2

ATTACHMENT D – DECLARATION OF JAMES MAGILL REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS PURSUANT TO D.16-08-024, *et al.*

1 from previous months were revised, or if the WAC changes, the current month's expense will also
2 include an amount that reflects the true-up of costs resulting from the changes.

3 **III. GHG COST RECOVERY**

4 D.21-05-004, which modified and replaced D.19-04-016 Attachment A, clarified the
5 balancing account cost recovery process for GHG, and added new required Templates C-2 and D-2,
6 was approved on May 6, 2021. Pursuant to Findings of Fact ("FAF") 4 and 5 in this Decision,
7 SDG&E should record GHG costs in the same balancing accounts in which other costs related to
8 the same resources are recorded. In other words, SDG&E is not required to record all GHG costs in
9 the ERRA balancing account. Pursuant to Conclusions of Law ("COL") 5, SDG&E began using
10 this modified methodology in its ERRA Compliance application in 2021 for the 2020 Record Year.
11 In compliance with these requirements, SDG&E includes the new Template C-2 as Attachment B in
12 this testimony, which presents its 2021 GHG costs in the appropriate balancing accounts according
13 to the modified methodology. To record the 2021 expenses that had already been booked in 2021
14 prior to this Decision being issued, SDG&E moved the appropriate expenses from ERRA to its
15 Local Generating Balancing Account ("LGBA") by debiting LGBA and crediting ERRA.

16 GHG direct compliance costs recorded in record year 2021 were [REDACTED].

17 Attachment B of this testimony shows a summary of these transactions presented in compliance
18 with the D.21-05-004 methodology. These amounts include expense that was recorded to true-up
19 costs of prior months in the same GHG compliance period. These costs are also presented in
20 Attachment C of this testimony, which is the new required Template D-2 which has been submitted
21 in SDG&E's 2023 ERRA Forecast filing.

22 **IV. LGBA RESOURCES**

23 The LGBA was approved in D.13-03-029 with the purpose of recording the revenues and
24 costs of generation where the Commission has determined that the resource is subject to a cost

1 allocation mechanism (“CAM”). SDG&E currently has contracts with three resources that are
2 approved for CAM recovery and have GHG expenses: Carlsbad Energy Center, Escondido Energy
3 Center, and Pio Pico Energy Center.

4 Pursuant to D.07-09-044, the costs of CAM resources are to be recovered on a net basis in
5 the CAM balancing account. The Decision mentions an auction process to determine the cost, and
6 in the absence of an auction, the costs are to be determined using the methodology in the Settlement
7 Agreement. The Settlement Agreement provides that unavoidable costs (associated with must-take
8 resources) shall be recorded in the CAM account using actual costs, and avoidable costs shall be
9 recorded in the CAM account using imputed costs. To comply with this Decision, SDG&E records
10 the costs of its CAM-eligible dispatchable resources using a model instead of actuals to calculate
11 net capacity costs.

12 Therefore, in compliance with D.07-09-044, SDG&E includes direct GHG costs associated
13 with its dispatchable CAM-eligible resources in the monthly imputed CAM net capacity cost
14 calculation, and the net cost shall be recorded in LGBA. SDG&E will record any difference
15 between these modeled costs of direct GHG and the actual costs of direct GHG in ERRA.

16 **V. CONCLUSION**

17 SDG&E’s recording of GHG expense in record year 2021 was consistent with the
18 calculations and reporting prescribed in revised D.21-05-004, as demonstrated by the testimony and
19 Attachments A, B, and C provided herein. Therefore, SDG&E requests that the Commission find
20 SDG&E in compliance with the requirements of D.21-05-004.

21 This concludes my prepared direct testimony.

1 **VI. QUALIFICATIONS**

2 My name is Sheri Miller. My business address is 8315 Century Park Court, San Diego, CA
3 92123. I am employed by SDG&E as a Principal Settlement Advisor in the Settlements & Systems
4 group in the Energy Supply organization. My responsibilities include reviewing ERRA testimony
5 and advising on regulatory and legislative matters that impact SDG&E's energy and gas
6 procurement settlements and cost recovery processes.

7 I joined SDG&E in October 2000, and since that time, I have held various positions at
8 SDG&E including Senior Accountant, Principal Accountant, and Settlements Manager. I have
9 experience with many aspects of SDG&E's accounting processes, including approving the gas and
10 electric commodity invoices and overseeing the reporting processes.

11 I received a Bachelor of Science degree in Accounting and a Master of Business
12 Administration from National University. I am also a Certified Public Accountant licensed in the
13 state of California.

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

ATTACHMENT A

**SDG&E's 2021 MONTHLY ELECTRIC WAC
CALCULATION SPREADSHEET
TEMPLATE C-1**

GHG Fixed CP4 (2021-2023) Electric Weighted Average Cost (WAC) Calculation per D.19 04 016
 San Diego Gas & Electric Energy Procurement

CONFIDENTIAL GHG Data

Last Auction Settlement Price \$28.26

ELECTRIC Portfolio: CP4 WAC Calculation

| Month | | Transaction/Activity Details | | | | | | Inventory Emissions and \$ | | WAC Pricing (\$/MT) | Direct GHG Costs | | True-Ups | Monthly BA Entry | True Up due to Prior Period Volumetric Adjustments | | | True Up due to Re-value of Cumulative Emissions | | True Up due to Re-value of Surrendered Volumes | | | |
|--------|------------------|------------------------------|---------------------------|---------------------|------------------|-----------------|------------------|----------------------------|-----------------------------|---------------------|-------------------------------|---------------------------------|--------------------|--|--|-------------------------------------|---|---|--|--|---|--|--|
| Month | Transaction Date | Transaction Type | Quantity Pur/(Sales) (MT) | Purchase \$ (\$/MT) | Sales \$ (\$/MT) | Total Cost (\$) | Total Sales (\$) | Inventory Balance (\$) | Total Qty in Inventory (MT) | WAC (\$/MT) | Direct Monthly Emissions (MT) | WAC x Direct Emissions Qty (\$) | True-Up Value (\$) | Monthly Balancing Account Entries (\$) | Prior Period True-Up (MT) | WAC x Prior Period True-Up Qty (\$) | Cumulative Balancing Account Entries (\$) | Cumulative Emissions of Prior Months (MT) | (Current WAC Pr or WAC) x Cumulative Emissions Pr or Months (\$) | Volumetric Surrender to ARB (MT) | Cumulative Volumetric Surrender to ARB (MT) | (Current WAC Pr or Period WAC) x Cumulative Surrender Qty (\$) | |
| Jan-21 | 1/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 2/21/2018 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 5/15/2018 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 8/14/2018 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 11/14/2018 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 2/20/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 5/14/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 8/20/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 11/19/2019 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 2/19/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 5/20/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 8/18/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 11/17/2020 | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jan-21 | 2/23/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | 2/21/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | 2/17/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Feb-21 | 2/28/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | 3/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Mar-21 | 3/31/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | 4/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Apr-21 | 4/30/2021 | | | | | | | | | | | | | | | | | | | | | | |
| May-21 | 5/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| May-21 | 5/19/2021 | | | | | | | | | | | | | | | | | | | | | | |
| May-21 | | | | | | | | | | | | | | | | | | | | | | | |
| May-21 | | | | | | | | | | | | | | | | | | | | | | | |
| May-21 | 5/31/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | 6/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jun-21 | 6/30/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | 7/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Jul-21 | 7/31/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | 8/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | 8/18/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Aug-21 | 8/31/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/14/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/14/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/27/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/28/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/30/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/30/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Sep-21 | 9/30/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | 10/1/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | | | | | | | | | | | | | | | | | | | | | | | |
| Oct-21 | 10/31/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Nov-21 | 11/2/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Nov-21 | 11/17/2021 | | | | | | | | | | | | | | | | | | | | | | |
| Nov-21 | | | | | | | | | | | | | | | | | | | | | | | |

Yellow highlighted information is confidential/privileged pursuant to applicable provisions of D.06-06-066, G.O. 66-D, and Pub. Util. Code Sections 583 and 454.5(g)

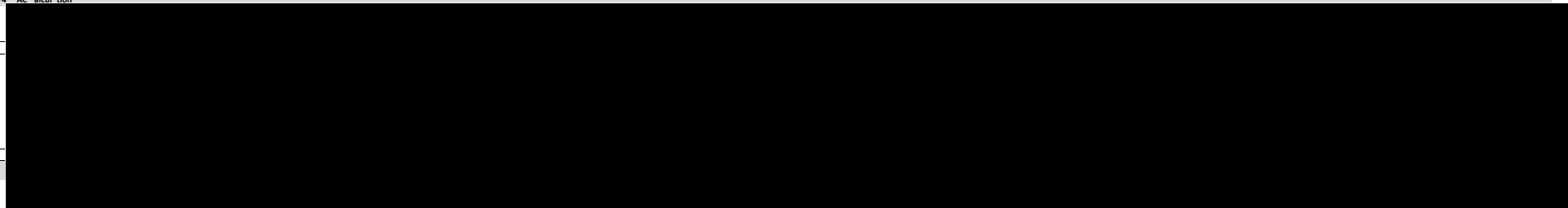
GHG Fixed CP4 (2021-2023) Electric Weighted Average Cost (WAC) Calculation per D.19 04 016
San Diego Gas & Electric Energy Procurement

CONFIDENTIAL GHG Data

Last Auction Settlement Price \$28.26

ELECTRIC Portfolio: CP4 AC calculation

| | |
|--------|------------|
| Nov-21 | |
| Nov-21 | |
| Nov-21 | |
| Nov-21 | 11/30/2021 |
| Dec-21 | 12/1/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/28/2021 |
| Dec-21 | 12/31/2021 |



ATTACHMENT B

**SDG&E's 2021 GHG COST RECOVERY
TEMPLATE C-2**



Template C-2 The GHG Balancing Account Table is provided in this 2021 ERRR Compliance pursuant to A.13-08-002 Proposed Decision, OP 1 & 2.
Decision modifying Decision D.19-04-016, Attachment A

| San Diego Gas & Electric | | | | |
|--|-------------|-------------|-------------|--------------|
| DIRECT GHG COSTS 2021 (in millions) | | | | |
| GHG Cost Category | ERRA | PABA | LGBA | Total |
| UOG | | | | |
| Imported (out-of-state) UOG | | | | |
| Tolling Contracts | | | | |
| Total | | | | |

ATTACHMENT C

**SDG&E's 2021 & 2022 GHG COST
TEMPLATE D-2**

| Template D-2: Annual GHG Emissions and Associated Costs | | | | | | | | |
|---|---|------------|------------|-----------|----------|-----------|----------|--|
| Line | Description | Year 2021 | | Year 2022 | | Year 2023 | | |
| | | Forecast | Recorded | Forecast | Recorded | Forecast | Recorded | |
| 1 | Direct GHG Emissions (MTCO ₂ e) | [REDACTED] | | | | | | |
| 2 | Utility Owned Generation (UOG) | | | | | | | |
| 3 | Tolling Agreements | | | | | | | |
| 4 | Energy Imports (Specified) | | | | | | | |
| 5 | Energy imports (Unspecified) | | | | | | | |
| 6 | Qualifying Facility (QF) Contracts | | | | | | | |
| 7 | Contracts with Financial Settlement | | | | | | | |
| 8 | Subtotal | | | | | | | |
| 9 | Total Emissions (MTCO ₂ e) | | | | | | - | |
| 10 | Proxy GHG Price (\$/MT) | 17.12 | 23.15 | 28.86 | 28.86 | 28.96 | | |
| 11 | GHG Costs (\$) | [REDACTED] | | | | | | |
| 12 | Direct GHG Costs | | | | | | | |
| 13 | Direct GHG Costs - Financial Settlement | | | | | | | |
| 14 | Previous Year's Forecast Reconciliation (Line 16) | | | | | | | |
| 15 | Total Costs | | | | | | | |
| 16 | Forecast Variance (\$) | N/A | [REDACTED] | N/A | - | N/A | | |

[REDACTED]

ATTACHMENT D

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

I, James Magill, do declare as follows:

1. I am a Manager Settlements & Systems in the Electric and Fuel Procurement department for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Estela de Llanos, Vice President of Energy Procurement, Sustainability & Environmental. I have reviewed Sheri Miller’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application of San Diego Gas & Electric Company for Approval of ERRA Compliance for Record Period 2021” (“Application”). I am personally familiar with the facts and representations 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.”) 16-08-024, D.17-05-035, and D.17-09-023 to demonstrate that the confidential information (“Protected Information”) provided in the Testimony is within the scope of data protected as confidential under applicable law.

3. In accordance with the legal authority described herein, 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 1st day of June, 2022, at San Diego.

A handwritten signature in black ink, appearing to read "James Magill", written in a cursive style.

James Magill

ATTACHMENT D

SDG&E Request for Confidentiality on the following information in its Application for Approval of ERRR Compliance for Record Period 2021

| Location of Protected Information | Legal Authority | Narrative Justification |
|--|--|--|
| <p>Attachment A (Schedule C-1), calculation and values of monthly GHG WAC, inventory balances, emissions expense, purchases, sales, and surrendered GHG instruments.</p> <p>Attachment B (Schedule C-2), GHG direct costs</p> <p>Attachment C (Schedule D-2), lines 1-9 & 12-16 GHG costs & emissions</p> <p>Testimony page SM-2, lines 16 GHG costs</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>GHG WAC calculations are confidential pursuant to D.14-10-033 Attachment A.</p> <p>GHG emissions: Disclosure of GHG recorded and forecast GHG costs would allow market participants to know SDG&E's recorded and forecasted GHG obligation, thereby compromising SDG&E's contractual bargaining power such that customer costs are likely to rise. Thus, the release of this non-public confidential information will unjustifiably allow market participants to use this information to the disadvantage of SDG&E's customers.</p> |