

PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 1

1. Purpose

The SGPMA is an interest bearing memorandum account recorded on SoCalGas' financial statements. The purpose of the SGPMA is to record the incremental costs associated with SoCalGas' Self-Generation Incentive Program (SGIP) as outlined in Commission Decision (D.) 02-02-026, dated February 7, 2002; D.01-09-012, dated September 6, 2001, D.01-07-028, dated July 12, 2001, D.01-03-073, dated March 27, 2001, and the California Solar Initiative (CSI) adopted in D.05-12-044 and D.06-01-024, dated December 15, 2005 and January 12, 2006, respectively, D.20-01-021 dated January 16, 2021, and D.22-04-036 dated April 7, 2022. Self-generation, as defined in D.01-03-073, refers to distributed generation technologies, such as microturbines, small gas turbines, wind turbines, photovoltaics, fuel cells, internal combustion engines, and combined heat and power (or cogeneration). Self-generation units, with a 1.5 MW maximum system size limit, are installed on the customer's side of the utility meter and provide electricity for all or a portion of that customer's electric load.

A separate accounting of costs and benefits, by customer class, will be accomplished.

The total authorized program cost for SoCalGas is \$17 million annually over a four-year period beginning on March 27, 2001, and extending through December 31, 2004 as specified in Ordering Paragraph 1 of D. 01-03-073. Any unused funding can be carried over from one year to the next up to a maximum limit of \$68 million for the four-year period. SoCalGas may request approval to borrow against the annual budget of a subsequent year if program participation is larger than anticipated in the current year. The program was extended through December 31, 2007 in accordance with R.04-03-017. For 2006, an additional \$27 million is authorized for the CSI program. Since 2007, SGIP has been revised several times and most recently, SGIP was extended in its current R.20-05-012 authorizing program funding of \$16 million annually from 2020 to 2024 as specified in Ordering Paragraph 1 of D.20-01-021.

Ordering Paragraphs (OP) 8 and 9 of D.22-04-036 authorizes SoCalGas to establish a new subaccount. Effective May 11, 2022, SGPMA will consist of the following two subaccounts:

- SGIP Subaccount – The purpose of SGIP Subaccount is to continue to record incremental costs associated with SoCalGas' SGIP.
- Heat Pump Water Heater (HPWH) Fund Subaccount – The purpose of the HPWH Fund Subaccount is to track SoCalGas' share and disposition of the \$40 million of the 2023 Cap-and-Trade allowance auction proceeds, or \$20,032,000, to be used to augment the SGIP HPWH program.

(Continued)

(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 5980
 DECISION NO. 22-04-036

ISSUED BY
Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 SUBMITTED May 11, 2022
 EFFECTIVE May 11, 2022
 RESOLUTION NO. _____

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PRELIMINARY STATEMENT - PART VI - MEMORANDUM ACCOUNTS
SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 2

(Continued)

Pursuant to OP 10 of D.22-04-036, SoCalGas will transfer its share from the Consignment Revenue Subaccount of its Greenhouse Gas Balancing Account (GHGBA) to its SGPMA's HPWH Fund Subaccount. These funds will be paid directly to Southern California Edison Company (SCE) on a quarterly basis in four equal installments. The quarterly remittances will be made on or before March 1, June 1, September 1, and December 1 of 2023. Should SCE have any unused funds as of March 1, 2026, SCE will remit to SoCalGas its share of these unused funds which SoCalGas will return to ratepayers as part of its 2026 or 2027 California Climate Credit.

In addition, pursuant to OP 6 and OP 5(f.) and 5(j.), within 60 days after the effective date of the advice letter that establishes SCE's HPWH program balancing account (or subaccount), SoCalGas will remit to SCE its share of the authorized \$44.7 million HPWH program budget and record the cost in its SGIP Subaccount. Should SCE have any unused funds as of March 1, 2026, SCE will remit to SoCalGas its share of these unused funds which SoCalGas will record in its SGIP Subaccount to be returned to ratepayers.

2. Applicability

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The SGPMA shall apply to all customer classes, except for any classes that may be specifically excluded by the Commission. The SGPMA balance and current year's revenue requirement will be included in transportation rates annually.

3. Rates

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See Disposition Section.

4. Accounting Procedures – SGIP Subaccount

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SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A debit entry equal to the incremental O&M costs incurred by SoCalGas associated with this program, such as the costs of marketing, contract administration, regulatory reporting, program evaluation, and customer's incentives.
- b. A debit entry equal to the incremental capital costs incurred by SoCalGas associated with this program, such as depreciation, return on investment and related taxes.
- c. A credit entry related to one-twelfth of the authorized CSI revenue requirement (for 2006 only).
- d. A credit entry related to one-twelfth of the authorized SGIP revenue requirement.

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(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 6021
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ISSUED BY

Dan Skopec
 Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED Aug 23, 2022
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SELF-GENERATION PROGRAM MEMORANDUM ACCOUNT (SGPMA)

Sheet 3

(Continued)

4. Accounting Procedures – SGIP Subaccount (Continued)

- e. A credit entry equal to the revenues from amortization rates as authorized by the Commission.
- f. A debit entry equal to the payment remitted to SCE for SoCalGas' share of the authorized HPWH program budget as addressed in D.22-04-036.
- g. A credit entry for SoCalGas' share of unused funds associated with the authorized HPWH program budget remitted from SCE.
- h. A debit entry equal to the interest on the average balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

5. Accounting Procedures – HPWH Fund Subaccount

SoCalGas shall maintain this subaccount by recording entries at the end of each month, net of FF&U, as follows:

- a. A credit entry on a quarterly basis to transfer from the GHGBA Consignment Revenues Subaccount an amount equal to one fourth of SoCalGas' share of the 2023 Cap-and-Trade allowance auction proceeds to augment the SGIP HPWH program budget;
- b. A debit entry on a quarterly basis equal to the payment remitted to SCE for one fourth of SoCalGas' share of the 2023 Cap-and-Trade allowance auction proceeds to augment the SGIP HPWH program budget;
- c. A credit entry equal to SoCalGas' share of any unused funds received from SCE associated with its share of the 2023 Cap-and-Trade allowance auction proceeds;
- d. A debit entry to transfer to the GHGBA Consignment Revenue Subaccount the unused funds from entry c); and
- e. An entry equal to the interest on the average balance in the account during the month, calculated in the manner described in the Preliminary Statement, Part I, J.

6. Disposition

Pursuant to D.20-02-045, SoCalGas' 2020 Triennial Cost Allocation Proceeding, amounts in the SGIP Subaccount of the SGPMA shall be amortized into SoCalGas' transportation rates based on the modified method by which SoCalGas allocates costs for the SGIP by: a) dividing the SGIP cost by two and allocating half of the costs to the host customer class and half to the receiving customer class, and b) ensuring that wholesale customers are not responsible for SGIP costs. SoCalGas will submit an advice letter to amortize these costs in its October Regulatory Account Balance update submittal each year with rates effective the following January 1st. Recovery of the undepreciated portion of the capital costs shall be authorized in the utility's next cost of service proceeding. Pursuant to D.05-12-044, SoCalGas may recover its share of the incremental amount authorized for the SGIP in the utility's next rate change following the effective date of D.05-12-044, subject to review of program costs at any time.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO. 5980
DECISION NO. 22-04-036

ISSUED BY

Dan Skopec
Vice President
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED May 11, 2022
EFFECTIVE May 11, 2022
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