

Application No.: A.25-06-XXX

Exhibit No.: SDGE-5

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 2, 2025

TABLE OF CONTENTS

I.	OVERVIEW AND PURPOSE.....	1
II.	WEIGHTED AVERAGE COST (“WAC”) CALCULATION	1
III.	GHG COST RECOVERY	2
IV.	PORTFOLIO CHARGE INDIFFERENCE AMOUNT (“PCIA”) RESOURCES	2
V.	LOCAL GENERATING BALANCING ACCOUNT (“LGBA”) RESOURCES.....	3
VI.	CONCLUSION	4
VII.	QUALIFICATIONS	5

ATTACHMENT A – 2024 MONTHLY ELECTRIC WAC CALCULATION SPREADSHEET

ATTACHMENT B – 2024 GHG COST RECOVERY TEMPLATE C-2

ATTACHMENT C - 2024 & 2025 GHG COST TEMPLATE D-2

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

**PREPARED DIRECT TESTIMONY OF
SHERI MILLER
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

I. OVERVIEW AND PURPOSE

This testimony presents San Diego Gas & Electric Company's ("SDG&E") accounting procedure used to record the greenhouse gas ("GHG") Compliance Instrument costs that are described in the testimony of SDG&E witness Stephen Elliott and also includes the required GHG direct cost tables.

II. WEIGHTED AVERAGE COST ("WAC") CALCULATION

Decision ("D.") 14-10-033 provided the approved method of calculating the GHG Compliance Instrument WAC. D.14-10-033 was later revised by D.14-10-055, D.15-01-024, D.19-04-016, and most recently by D.21-05-004. SDG&E calculates the gas and electric WAC monthly in accordance with the revised D.21-05-004 Attachment C. Attachment A of this testimony contains the completed Template C-1 (the electric WAC calculation workpapers) for January through December of 2024.

SDG&E values its purchased GHG compliance instruments on a monthly basis for the current compliance period, using the WAC in accordance with D.21-05-004. The electric GHG costs are then recorded in the appropriate balancing accounts based on actual GHG emissions volumes and the current WAC price. More specifically, the direct GHG costs associated with SDG&E's conventional resources and contracts are calculated by multiplying the total monthly GHG emissions volumes created by those resources' energy generation with the WAC for each month, which equals the direct GHG costs. These costs are recorded monthly as an expense in the appropriate authorized cost recovery balancing accounts, and also as a liability to the California Air and Resources Board ("CARB") for carbon credits not yet submitted. If reported emission amounts

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 ("FOF") 4 and 5 in this Decision,
7 SDG&E records GHG costs in the same balancing accounts in which other costs related to the same
8 resources are recorded. In other words, SDG&E is not required to record all GHG costs in the
9 ERRA balancing account. Pursuant to Conclusions of Law ("COL") 5, SDG&E began using this
10 modified methodology in its ERRA Compliance application in 2021 for the 2020 Record Year. In
11 compliance with these requirements, SDG&E includes the new Template C-2 as Attachment B in
12 this testimony, which presents its 2024 GHG costs in the appropriate balancing accounts according
13 to the modified methodology.

14 GHG direct compliance costs recorded in record year 2024 were [REDACTED].
15 Attachment B of this testimony shows a summary of these transactions presented in compliance
16 with the D.21-05-004 methodology. These amounts include expense that was recorded to true-up
17 costs of prior months in the same GHG compliance period. These costs are also presented in
18 Attachment C of this testimony, which is the required Template D-2 that has been submitted in
19 SDG&E's 2026 ERRA Forecast filing.

20 **IV. PORTFOLIO CHARGE INDIFFERENCE AMOUNT ("PCIA") RESOURCES**

21 As Mr. Elliott explains in his testimony, conventional resources are considered covered
22 under the CARB GHG Compliance requirements if they exceed a specified limit of emissions in a
23 calendar year. This eligibility is reevaluated annually, and therefore resources may be subject to
24 compliance in some years and not subject to compliance in other years. For 2024 generation,

SDG&E had two PCIA-eligible conventional generators that were subject to compliance, namely Palomar Energy Center and Desert Star Energy Center. The 2024 GHG expense for these two resources was recorded in the Portfolio Allocation Balancing Account (“PABA”) in the appropriate vintage subaccounts. The other PCIA-eligible conventional resources were below the emissions threshold, and therefore were not subject to the compliance obligation.

SDG&E would like to note, however, that GHG expense was recorded in error in 2024 for the Miramar Energy Center, which was not subject to compliance after 2023 and should not have been allocated GHG expense for 2024. This was due to an oversight, and specifically the expense was included in the PABA balancing account on a monthly basis in 2024. SDG&E recognized this error in Q1 of 2025, and recorded a correcting entry in PABA in the same period. This amount is included in Attachment B as a reconciling item.

V. LOCAL GENERATING BALANCING ACCOUNT (“LGBA”) RESOURCES

The LGBA was approved in D.13-03-029 with the purpose of recording the revenues and costs of generation where the Commission has determined that the resource is subject to a cost allocation mechanism (“CAM”). This decision was issued to comply with Senate Bill (SB) 695, which was signed in 2009 and required the net capacity costs of new generation resources needed for system or local area reliability to be passed on to bundled service, direct access, and customer choice aggregation customers. The net capacity costs were defined in Public Utility Code section 365.1 as being the cost of the resource less the value received for the energy and ancillary services.

Until July 2023, SDG&E used the methodology for calculating the contract costs, GHG, CAISO, and fuel costs to be balanced in LGBA that was presented in D.07-09-044 Appendix A, pages 22-23. This methodology was part of the “Joint Parties’ Proposal” that was filed with the Commission. It was intended to provide the costs that would be incurred using the principle of economic dispatch, which calculates modeled costs according to when the resource would

1 theoretically have run. SDG&E discontinued this methodology beginning with July 2023 activity,
2 at which point it began recording all costs and revenues, including GHG, in LGBA based upon
3 actual costs and revenues instead of modeled.

4 SDG&E currently has contracts with two conventional resources, Carlsbad Energy Center
5 and Pio Pico Energy Center, that are approved for CAM recovery and were subject to GHG
6 compliance in 2024. The GHG compliance expense for these resources was recorded monthly in
7 LGBA.

8 **VI. CONCLUSION**

9 SDG&E's recording of GHG expense in record year 2024 was consistent with the
10 calculations and reporting prescribed in revised D.21-05-004, as demonstrated by the testimony and
11 Attachments A, B, and C provided herein. Therefore, SDG&E requests that the Commission find
12 SDG&E in compliance with the requirements of D.21-05-004.

13 This concludes my prepared direct testimony.

1 **VII. 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 2024 MONTHLY ELECTRIC WAC
CALCULATION SPREADSHEET
TEMPLATE C-1**

Electric Portfolio: CP5 WAC Calculation

Month	Transaction/Activity Details						Inventory Emissions and \$		WAC Pricing (\$/MT)	Direct GHG Costs	True-Ups	Monthly BA Entry
Month	Transaction Date	Transaction Type	Quantity Pur/(Sales) (MT)	Purchase \$ (\$/MT)	Sales \$ (\$/MT)	Total Cost (\$)	Total Sales (\$)	Inventory Balance (\$)	Total Qty in Inventory (MT)			
Jan-24	1/1/2024											
Jan-24	8/16/2023											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	1/1/2024											
Jan-24	11/15/2023											
Jan-24	1/31/2024											
Feb-24	2/1/2024											
Feb-24	2/1/2024											
Feb-24	2/7/2024											
Feb-24	2/8/2024											
Feb-24	2/16/2024											
Feb-24	2/12/2024											
Feb-24	2/9/2024											
Feb-24	2/1/2024											
Feb-24	2/28/2024											
Mar-24	3/1/2024											
Mar-24												
Mar-24												
Mar-24												
Mar-24												
Mar-24	3/31/2024											
Apr-24	4/1/2024											
Apr-24												
Apr-24												
Apr-24												
Apr-24												
Apr-24	4/30/2024											
May-24	5/1/2024											
May-24	5/1/2024											
May-24												
May-24												
May-24												
May-24	5/31/2024											
Jun-24	6/1/2024											
Jun-24	6/19/2024											
Jun-24												
Jun-24												
Jun-24												
Jun-24	6/30/2024											

ATTACHMENT B

**SDG&E's 2024 GHG COST RECOVERY
TEMPLATE C-2**

Confidential GHG data

Template C-2 The GHG Balancing Account Table is provided in this 2024 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 2024 (in millions)				
GHG Cost Category	ERRR	PABA	LGBA	Total
UOG				
Imported (out-of-state) UOG				
Tolling Contracts				
Subtotal*				
Inventory Carrying cost				
2024 YTD expense in balancing account				
Adjustment posted in 2025				
Adjusted expense				

ATTACHMENT C

**SDG&E's 2024 & 2025 GHG COST
TEMPLATE D-2**

Template D-2: Annual GHG Emissions and Associated Costs

Line	Description	Year 2021		Year 2022		Year 2023 ²		Year 2024		Year 2025		Year 2026	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded
1	Direct GHG Emissions (MTCO ₂ e)												
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	\$ 29.48	\$ 29.02	\$ 34.06	\$ 38.26		\$ 36.16		\$ 33.57	
11	GHG Costs (\$)												
12	Direct GHG Costs												
13	Direct GHG Costs - Financial Settlement												
14	Previous Year's Forecast Reconciliation (Line 16)												
15	Total Costs												
16	Forecast Variance (\$) ¹												

CONFIDENTIAL INFORMATION

1 Also reflects adjustment for shift in regulatory accounting from cash to accrual
2 Recorded data is equal to forecast and will be updated with the October Update filing.

ATTACHMENT D

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

I, Aaron Franz, do declare as follows:

1. I am the Manager of the Settlements & Systems group 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 Adam Pierce, Vice President of Energy Procurement & Rates. I have reviewed Sheri Miller’s Prepared Direct Testimony (“Testimony”) in support of SDG&E’s “Application ... for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2024, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Portfolio Allocation Balancing Account, Transition Cost Balancing Account, and Local Generating Balancing Account in 2024, and (iii) Costs Recorded in Related Regulatory Accounts in 2024” (“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 2nd day of June, 2025, at San Diego.

/s/ Aaron Franz

Aaron Franz

ATTACHMENT D

**SDG&E Request for Confidentiality
on the following information in its Application for Approval of Its 2024
(i) Contract Administration, Least Cost Dispatch and Power
Procurement Activities in 2024, (ii) Costs Related to those Activities
Recorded to the Energy Resource Recovery Account, Portfolio
Allocation Balancing Account, Transition Cost Balancing Account, and
Local Generating Balancing Account in 2024, and (iii) Costs Recorded
in Related Regulatory Accounts in 2024**

Location of Protected Information	Legal Authority	Narrative Justification
Attachment A (Schedule C-1), calculation and values of monthly GHG WAC, inventory balances, emissions expense, purchases, sales, and surrendered GHG instruments.	D.14-10-033; D.16-08-024; D.17-05-035; D.17-09-023; Public Utilities Code Section 454.5(g).	GHG WAC calculations are confidential pursuant to D.14-10-033 Attachment A.
Attachment B (Schedule C-2), GHG direct costs		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.
Attachment C (Schedule D-2), GHG costs & emissions		
Testimony page SM-2, line 14 GHG costs		