BB: Greenhouse Gas (GHG) Revenue Balancing Account (GHGRBA)

1. Purpose

The purpose of the Greenhouse Gas (GHG) Revenue Balancing Account (GHGRBA) is to record GHG cap-and-trade-related revenues and to set forth the methodology for the amount of GHG revenue to be returned to eligible customers pursuant to D.12-12-033. The GHGRBA will record the difference between the amount of GHG revenue actually returned to customers via rates and bill credits, and the actual amount of GHG revenue SCE receives through consigning allowances to the cap-and-trade auction. Any over- or under-collection recorded in the GHGRBA at the end of each year will be either added to (i.e. over-collection) or subtracted from (i.e. under-collection) the subsequent year's GHG revenue forecast.

2. Definitions

a. GHG Revenues:

The total amount of GHG Revenues that are available for return to utility ratepayers based on revenue earned at each quarterly auction. The utilities subject to CPUC jurisdiction must consign all of their allowances to auction with the proceeds to be used for the benefit of ratepayers. GHG Revenues will be grossed-up to include Commission authorized Franchise Fees and Uncollectibles expense when included in customer rate levels.

b. Interest Rate:

The Interest Rate shall be one-twelth of the Federal Reserve three-month Commercial Paper Rate – Non-Financial, from Federal Reserve Statistical Release H.15 (expressed as an annual rate). If in any month a non-financial Rate is not published; SCE shall use the Federal Reserve three-month Commercial Paper Rate – Financial.
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3. Forecast GHG Allowance Revenue Allocation Methodology

For ratesetting purposes, on an annual forecast basis, the allocation of forecast GHG Allowance Revenues to eligible customers shall be determined as follows:

a. A forecast of GHG Revenues that will be received for the upcoming year;

b. Plus: the prior year’s December 31st balance (overcollected or undercollected) in the GHGRBA (In 2013, this amount will be equal to the amount of GHG revenues received in 2012, including accrued interest);

c. Less: the forecast GHG-related customer outreach and education costs, set at $1.4 million for 2013, with each subsequent year’s funding as authorized by the Commission for recovery;

d. Less: SCE’s proportionate share of up to $500,000 in costs, allocated based on percentage of retail sales, to engage a firm with marketing and public relations expertise that will be responsible for proposing expanded customer outreach and education activities through 2015;

e. Less: forecast annual GHG-related administrative costs as authorized by the Commission for recovery; and

f. Less: the portion of GHG allowance revenues to fund Energy Efficiency (EE) and clean energy programs that have been approved by the Commission.

The sum of (a) through (f) equals the net forecast annual GHG Revenues to be allocated to eligible customers as follows:

g. Less: the portion of the net forecast annual GHG Revenues allocated for return to Emissions-Intensive, Trade-Exposed (EITE) customers determined based on Commission-adopted EITE customer definitions and methodology;

h. Less: the portion of the net forecast annual GHG Revenues allocated to eligible Small Business customers to be returned through the use of a volumetric $/kWh distribution rate set so as to offset the amount of GHG costs in generation rates allocated to Small Business customers, adjusted by Commission-authorized industry assistance factors applicable in a given year;

i. The remaining amount (i.e. the sum of (a) through (h)) equals the California Climate Credit amount to be allocated for return to all residential customers on an equal-per-residential account basis.

The sum of (a) through (i) shall equal zero for each annual forecast year.
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4. Operation of the GHGRBA

On an annual or monthly basis as required, entries to the GHGRBA shall be determined as follows:

a. A debit entry to transfer GHG allowance revenues to the Solar on Multifamily Affordable Housing Program Balancing Account (SOMAHBA) in amounts approved by the Commission;

b. A debit entry to transfer GHG allowance revenues to the Disadvantaged Communities - Single-family Solar Homes Balancing Account (DACSASHBA), the Disadvantaged Communities-Green Tariff Balancing Account (DACGTBA) and the Community Solar Green Tariff Balancing Account (CSGTBA) in amounts approved by the Commission. The CEOP budget has priority over available funding for the Disadvantaged Communities Green Tariff and the Community Solar Green Tariff programs;

c. A credit entry equal to the amount of actual GHG Revenues received from the cap-and-trade auction;

d. A debit entry equal to recorded GHG-related customer outreach and education costs;

e. A debit entry equal to SCE’s recorded share of costs to engage a firm with marketing and public relations expertise that will be responsible for proposing expanded customer outreach and education activities through 2015;

f. A debit entry equal to recorded GHG-related administrative cost revenue requirements;

g. A debit entry equal to actual GHG Revenues returned to EITE customers;

h. A debit entry equal to actual GHG Revenues returned to Small Business customers through the use of a volumetric $/kWh rate;

i. A debit entry equal to actual California Climate Credit revenues returned to residential customers, and

j. A debit entry equal to the amount paid to the California Air Resources Board (CARB) or any other authority as ordered by the Commission.

The sum of (a) through (j) equals the activity that may be recorded in the GHGRBA each month.

Interest shall accrue monthly to the GHGRBA by applying the Interest Rate to the average of the beginning and ending monthly GHGRBA balances.

The balance forecast to be recorded in the GHGRBA (either overcollected or undercollected) on December 31st of the current year, shall be included in the forecast of GHG Revenues for the subsequent year to be either returned to, or recovered from, eligible customers in distribution rates based on the Commission-authorized GHG allowance revenue allocation methodology.
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5. Review Procedures

Pursuant to D.14-10-033, the recorded operation of the GHGRBA for the previous year shall be reviewed by the Commission in SCE’s annual Energy Resource Recovery Account (ERRA) Forecast application to ensure that the entries made in the GHGRBA are stated correctly and are consistent with Commission decisions.