STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

October 21, 2024

Linda McCallum
Sjoberg Evashenk Consulting, Inc
455 Capitol Mall, Suite 700
Sacramento, CA 95814

Dear Linda McCallum:

Thank you for your report. We have taken your findings and recommendations into consideration. Energy Division shared the Final Audit Report with the CPUC's Consumer Protection and Enforcement Division, and certain elements of the Community Choice Aggregator (CCA) complaints against Southern California Edison (SCE) regarding customer billing and transitions were formally referred for investigation to determine whether a rule violation occurred.

Energy Division resources to support the implementation of an ongoing task force are very limited. To accomplish the objectives of the audit report findings, CCAs can provide recommendations for how to make improvements to the process, and Energy Division is available to mediate disputes between the Investor-Owned Utilities and CCAs regarding issues arising from load departure and customer engagement. However, Energy Division does not have the authority to determine whether a rule has been violated or set penalties for a potential violation to the Code of Conduct Rules, so Energy Division's ability to address disputes is limited to reaching agreement on next steps.

Sincerely,

Leuwam Tesfai
Deputy Executive Director for Energy and Climate Policy /
Director, Energy Division
California Public Utilities Commission

SJOBERG EVASHENK
CONSULTING, INC

December 26, 2023

Mary Taylor, Regulatory Analyst
Energy Division
California Public Utilities Commission
400 R Street
Sacramento, CA 95811

Dear Mary:

Enclosed is the audit report, *Pacific Gas & Electric Generally Complied with the Code of Conduct Rules with a Few Exceptions, but Opportunities Exist to Improve Joint Operational Activities and Dispute Resolution Processes.* The report was prepared on behalf of the California Public Utilities Commission (CPUC) by Sjoberg Evashenk Consulting and includes our analysis and recommendations. The draft report was discussed with Pacific Gas & Electric (PG&E) management prior to completion of our audit fieldwork. Management comments received throughout the audit process were considered in drafting the report.

Sjoberg Evashenk Consulting appreciates PG&E's cooperation throughout the audit process.

Respectfully submitted,

Lynda McCallum

Lynda McCallum
Partner
Sjoberg Evashenk Consulting, Inc.

California Public Utilities Commission

Community Choice Aggregation Code of Conduct Rules Compliance Audit

Pacific Gas & Electric Generally Complied with the Code of Conduct Rules with a Few Exceptions, but Opportunities Exist to Improve Joint Operational Activities and Dispute Resolution Processes

December 2023

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REPORT HIGHLIGHTS

SJOBERG EVASHENK CONSULTING, INC

RESULTS

Sjoberg Evashenk Consulting, Inc. was hired by the California Public Utilities Commission to audit IOU compliance with Community Choice Aggregation (CCA) Code of Conduct Rules (CCR). The audit found that Pacific Gas & Electric (PG&E) generally complied with the Code of Conduct Rules, with a few exceptions. Also, opportunities exist to improve joint operational activities and dispute resolution processes.

BACKGROUND AND PURPOSE

Assembly Bill 117 authorized the creation of CCA programs, and Senate Bill 790 directed the Commission to develop rules and procedures that facilitate the development of CCA programs and to help foster fair competition. In December 2012, the Commission approved the CCRs addressing electrical corporations' conduct related to CCAs, such as prohibiting IOUs from speaking on behalf of a CCA, making misleading statements about a CCA's service, or providing mechanisms for customers to opt-out of CCA service.

The audit focused on PG&E's compliance with the CCRs, including topics such as accuracy and fairness of service and program information distributed to customers, restrictions on utilities speaking on behalf of CCA rates and services, and mechanisms provided to customers opting-out of CCA service. The audit also assessed whether IOUs undermined the development or operation of a CCA and evaluated the effectiveness of mechanisms to resolve disputes between IOUs and the CCAs.

KEY FINDINGS

PG&E generally complied with CCR requirements and restrictions with a few exceptions. Specifically, PG&E call center representatives inappropriately discussed CCA rates and service during two interactions with customers. While PG&E largely complied with the CCRs and the number of compliance issues found are very few, the issues noted can negatively impact the public's perception of CCAs and the CCAs ability to provide programs and services to their customers.

Additionally, tariffs and service agreements guide IOU and CCA joint operational activities, including enrollments, metering, billing, and payment processing. The audit did not identify significant joint operational issues; however, PG&E acknowledged that some delayed billing issues can occur. Also, the audit found the service agreements in place between PG&E and the CCAs lack adequate performance standards and expectations.

Further, while CCAs reported good working relationships with PG&E, the CCAs have a shared view that available informal and formal dispute resolution processes fail to ensure California's three major IOUs respond and address compliance or operational problems in a timely manner. As a result, CCAs feel they are left to work out joint operational issues with IOUs themselves, placing them at the mercy of the IOUs.

KEY RECOMMENDATIONS

The report provides the Commission with 7 recommendations, including the following key recommendations:

- Direct PG&E to continue efforts to monitor, review, and coach verbal communications to customers. Ensure communications with customers are accurate, not misleading, and PG&E personnel do not discuss CCA rates and service with customers.
- Establish a task force that includes both CCA, PG&E, and Commission representatives to:
  - Identify ongoing operational issues and causes as well as proposed practical and timely solutions with the intent of supporting a cooperative relationship.
  - Bolster PG&E's Electric Rule 23 and Service Agreements to set standards and expectations, including specific time-frames CCAs can expect to have issues resolved as well as remedies when service standards are not met.
  - Identify practical dispute resolution processes that will ensure timely solutions issues, including implementing an independent and impartial Ombuds.

Key Terms

- **Bundled Customers:** Customers that receive both their electricity generation and distribution services from an IOU.
- **Community Choice Aggregation (CCA):** Governmental entities formed by cities and/or counties to procure electricity for their residents, businesses, and municipal facilities.
- **California Public Utilities Commission (CPUC):** The CPUC, or the Commission, regulates privately-owned utilities in the state of California, including electric power, telecommunications, natural gas, and water companies, but has limited jurisdiction over CCAs.
- **Investor-Owned Utility (IOU):** An electric utility provider that is a private company and/or owned by shareholders; by contrast, it is not a public (government-owned) utility. The three largest IOUs in California are Pacific Gas and Electric (PG&E), Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E).
- **Load Serving Entity (LSE):** Any company, including IOUs and CCAs, that either sells or provides electricity to end users located in California, or generates electricity at one site and consumes electricity at another site that is in California and that is owned or controlled by the company.
- **Opt-out:** The process of a customer electing to return to IOU service from CCA service, or electing to not be automatically enrolled into CCA service at the onset of a new CCA in the customer's area. The customer must initiate this process directly with the CCA.
- **Resource Adequacy:** The Commission requires that all LSEs must procure a certain quantity of electricity resources that will ensure the safe and reliable operation of the grid in real time, and to submit annual and monthly filings demonstrating they have met this requirement.
- **Unbundled Customers:** Customers that receive electricity services from separate providers—their electricity generation services from CCAs and their distribution and transmission services from IOUs.

Introduction and Background

In 2002, Assembly Bill (AB) 117 authorized the creation of Community Choice Aggregators (CCAs).[1] The intent of this legislation was to require all electrical corporations to fully cooperate with CCAs investigating, pursuing, or implementing CCA programs; provide guidance on how communities may create a CCA program; and require that cities or counties pass an ordinance to implement a CCA program within their respective jurisdictions. Additionally, AB 117 granted the California Public Utilities Commission (CPUC or Commission) general jurisdiction over the CCA program to take actions to protect utility bundled customers and assure reasonable service to CCAs.

CCAs are governmental entities formed by cities and/or counties to procure electricity for their residents, businesses, and municipal facilities. When a CCA launches, residents and businesses in the designated service area are automatically opted-into CCA service and must opt out to continue being served by the Investor-Owned Utility (IOU). Once established, a CCA purchases electricity for its customers. Unlike rates set by IOUs, the CCA electricity generation rates are not regulated by the CPUC and instead are regulated by the CCA following its own public process. While CCAs provide electricity generation services for its customers, the IOU serving the area is mandated to provide CCA customers electricity transmission and distribution services and provide CCAs with metering, billing, and payment collection services. The nature of these divided but related responsibilities requires some form of partnership relationship between the CCA and the IOU on many operational issues.

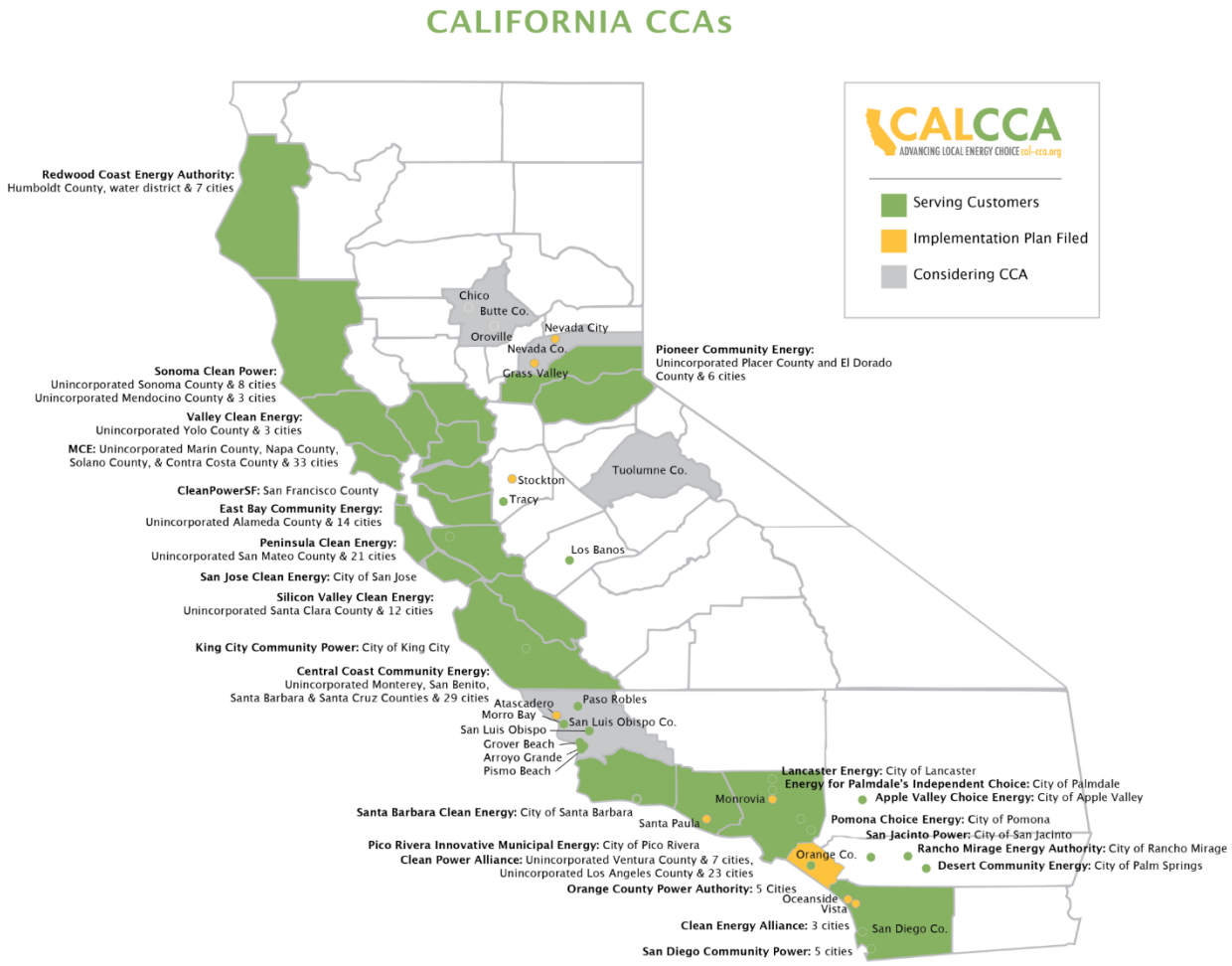
In 2011, the Legislature declared that the IOUs had inherent market power based on longstanding relationships and service, and that such market power had been used by IOUs to oppose the consideration, development, and implementation of CCA programs. As a result, the Legislature passed Senate Bill (SB) 790, directing the Commission to develop rules and procedures that facilitate the development of CCA programs and to help foster fair competition. In response on December 20, 2012, the Commission, through Decision D.12-12-036, approved the Code of Conduct Rules (CCR) addressing electrical corporations' conduct related to CCAs. Refer to Appendix A for listing of the CCRs. Briefly, the CCRs include:

- ✓ Requiring separation between an IOU's marketing division and its other divisions that work directly with CCAs, such as billing and customer service;
- ✓ Requiring IOUs and CCAs prepare and distribute neutral comparisons of tariffs;
- ✓ Prohibiting IOUs from speaking on behalf of a CCA, or making any untrue or misleading statements about a CCA's service and from providing alternative mechanisms for customers to opt-out of CCA service;
- ✓ Prohibiting IOUs from discriminating between bundled and unbundled customers;
- ✓ Requiring periodic audits to assess IOU compliance with CCRs; and
- ✓ Establishing a complaint procedure for use by CCAs.

[1] Codified as Public Utilities Code Section 366.2

In 2010, the first CCA launched with an additional 14 CCAs launching by 2017. As a result of such rapid growth in the number of CCAs, the Commission recognized that additional guidance was needed to formally establish the process for local jurisdictions to register and implement a CCA. On February 8, 2018, the Commission approved Resolution E-4907 that outlines regulatory requirements related to the development of CCAs, including implementation plans, resource adequacy requirements, bond payments, and customer notifications. By 2023, there were 25 active CCAs in the state of California, as shown in Exhibit 1.

EXHIBIT 1: LIST OF ACTIVE COMMUNITY CHOICE AGGREGATORS IN CALIFORNIA



Source: CALCCA

Collectively, California's three largest IOUs—Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E)—serve 6.3 million CCA customers, as illustrated in Exhibit 2.

EXHIBIT 2. CCA METRICS BY IOU (2022)

IOUs	CCAs Currently in IOU Service Areas[A]	IOU Total Customer Base	CCA Customers within IOU Total Customer Base	% CCA Customers
PG&E	12	5.0 million	3.5 million	70%
SCE	12	4.9 million	1.7 million	35%
SDG&E	2	1.4 million	1.1 million	80%

Source: CPUC Community Choice Aggregation and Energy Service Provider Formation Reports and interviews with IOUs.
Notes:
[A] There are 25 unique CCAs; however, Central Coast Community Energy is counted within two IOU service areas.
[B] Baldwin Park (BPROUD) and Western Community Energy CCAs deregistered in 2021 and transferred all accounts back to SCE.

Scope and Methodology

Sjoberg Evashenk Consulting, Inc. was hired by the California Public Utilities Commission to audit IOU compliance with Community Choice Aggregation (CCA) Code of Conduct Rules (CCR) over a four-year period from January 1, 2019 through December 31, 2022. We were asked specifically to:

1. Assess whether an IOU used its position or market power to undermine the development or operation of a CCA;
2. Evaluate IOU compliance with the Code of Conduct Rules and identify potential violations;
3. Assess effectiveness of mechanisms to resolve disputes between IOUs and the CCAs in its service territory; and
4. Evaluate the effectiveness of the Code of Conduct Rules as the CCA Program has matured.

To meet the audit's objectives, we:

- Reviewed Code of Conduct Rules, utility tariffs, CCA service agreements, and laws, regulations, and Commission decisions and resolutions including AB 117, SB 790, PUC 366.2, D.12-12-036, D.05-12-041, D.04-12-046, D.08-06-016, D.02-12-074, D.10-05-050, E-4013, E-4250, E-4907, E-5051, E-5159.
- Interviewed CPUC management and staff involved with CCA program areas, including the Consumer Affairs Branch, Energy Division, Public Advisor's Office, and Utility Audits Branch.
- Interviewed utility management and staff to understand roles, responsibilities, and processes employed to ensure CCR compliance and to understand joint operational activities, and issue resolution processes.
- Reviewed utility policies, procedures, guidance, and training materials associated with complying with CCRs and working with CCA programs.
- Distributed a questionnaire to all active CCAs to gather information, insights, and concerns regarding CCR compliance, joint operational activities, and dispute resolution processes. Of the 25 CCAs sent a questionnaire, 19 either responded directions or relied on a single shared consultant. Conducted interviews with CCAs as needed for additional information and clarity.
- Evaluated IOU compliance with the CCRs, including:
    - Reviewed IOU's log of written complaints submitted by CCA customers to ensure the log contains the required information, including submission date, customer information, complaint description, and resolution. Identified the various vehicles for submitting written complaints such as CPUC's complaint portal or directly to the IOU and determined if sufficient processes were in place to ensure all submitted written complaints were tracked.
    - Selected a sample of joint rate mailers and joint rate comparisons to assess if information presented was complete, neutral, and accurate, and issued within required timelines. Also, determined if required approvals were obtained and cost-sharing requirements met.

- Selected a sample of calls between the IOU and CCA customers and listened to calls to determine if communications with CCA customers were appropriate, that IOU staff did not speak on behalf of CCAs, did not offer to process opt-out requests, remained neutral in discussions, and appropriately referred callers to CCAs.
- Selected a sample of written notices mailed to CCA customers to ensure IOU staff did not speak on behalf any CCA program, offer to process opt-out requests, or make untrue or misleading statements about CCAs' rates, terms, and conditions. The types of notices included notices to customers explaining duplicative charges, delayed billing, and automatic enrollments and confirming opt-out requests and service disconnects.
- Reviewed and assessed digital communications, such as social media posts and IOU's website information to ensure such communications were appropriate, did not mislead customers about CCAs, did not offer process opt-out requests, and did not appear to be marketing or lobbying against a CCA.
- Assessed IOU protocols and requirements related to IOUs selling excess electricity to determine whether any refused economic sales of excess electricity to CCAs because they are a CCA.

- Evaluated joint operational processes and activities between IOUs and CCAs, including CCA launches, customer enrollments, billing processes, and payment processing for efficiency and effectiveness and compliance with tariffs, rules, requirements, and agreements.
- Interviewed back-end service provider to understand their roles and responsibilities associated with CCAs, including processes associated with data validation, sharing, and management.
- Identified the formal and informal mechanisms available to IOUs and CCAs to resolve disputes and assessed the efficiency and effectiveness of those mechanisms.

Audit fieldwork was performed between July 2022 and September 2023. On October 24, 2023, a draft of this report was provided to utility management for review and discussion and an exit Conference was held on November 9, 2023. Responses and feedback provided by utility management were considered and incorporated where applicable in the final report. PG&E's official response is attached at the end of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finding 1. PG&E Generally Complied with the Code of Conduct Rules With a Few Exceptions

In 2002, Assembly Bill 117 was enacted authorizing the creation of Community Choice Aggregators (CCAs). In 2011, Senate Bill 790 was passed directing the California Public Utilities Commission (CPUC or Commission) to develop rules and procedures that facilitate the development of CCA programs and to help foster fair competition. In response on December 20, 2012, the Commission, through D.12-12-036, approved 21[2] Code of Conduct Rules (CCR) addressing electrical corporations' conduct related to CCAs—most of which relate to requirements and information about independent marketing divisions. Audit results associated with PG&E's compliance with the CCRs are covered in this finding (Finding 1); several findings and recommendations related to joint operational activities between PG&E and CCAs and dispute resolution processes are discussed later in Findings 2 and 3.

Because PG&E does not have an independent marketing division, this audit focused on PG&E's compliance with five specific CCRs—3, 9, 19, 20, 21—covering topics such as accuracy and fairness of service and program information distributed to customers, restrictions on utilities speaking on behalf of CCA rates and services, and mechanisms provided to customers opting-out of CCA service[3]. We found that PG&E generally complied with the CCRs' requirements and restrictions. However, we noted two instances where PG&E did not comply with CCR 9, where PG&E call center representatives spoke on behalf of CCA rates and service or provided misleading information.

While PG&E largely complied with the CCRs and the number of compliance issues found are few, some of the issues we noted can negatively impact the public's perception of CCAs and the CCAs' ability to provide programs and services to their customers. In the two instances we identified as compliance issues, PG&E provided misleading information about CCA service and inappropriately spoke about a CCA's. However, it appears that the PG&E has generally created processes and implemented protocols to ensure it complies with CCRs or promptly identifies situations that need to be addressed.

PG&E Complied with CCR 3 by Coordinating with CCAs to Issue Joint Rate Comparisons

PG&E complied with CCR 3 requiring electrical corporations and CCAs to jointly prepare and distribute two types of neutral, complete, and accurate comparison information to customers within the CCA boundaries. The two types of required comparisons are:

- **Joint Rate Mailers (JRM)** mailed to customers annually by July 1st. The JRM must provide a comparison of the IOU and CCA's average tariff, include sample, generation portfolio content, and

[2] While the CCRs include 29 rules, 8 of the rules do not involve requirements and restrictions: CCR 1 provides definitions and CCRs 23 through 29 provide audit and enforcement procedures.

[3] Because PG&E filed a Tier 1 advice letter indicating it did not intend to market or lobby and because PG&E did not implement an independent marketing division, related CCRs were not included in the audit. While audit tests were not performed directly on CCRs 14, 17, or 18, audit work conducted throughout the engagement did not identify any instances of noncompliance with the three CCRs.

refer customers to the IOU and CCA's website for more information. Before JRMs can be distributed, CCR 3 requires the JRM to be submitted to Commission's Public Advisor's Office (PAO) for approval to ensure the content of the mailer complies with the CCR. The IOU and CCA must share the costs associated with the design, preparation, and distribution of the JRMs equally.

- **Joint Rate Comparisons (JRC)** posted on both entities websites. IOUs and CCAs must post the same comparative information on their websites annually when the JRMs are distributed and throughout the year within 60 days after any tariff change. The PAO is not required to approve website content, but expects the information to be consistent with the approved JRM and will occasionally review website materials.

To determine if PG&E complied with CCR 3 during the audit period, we reviewed a selection of JRMs distributed to customers and JRCs posted to determine if the comparisons included the required elements, were presented to the public in a neutral, complete, and accurate manner, if cost-sharing requirements were met, and if the PAO's approval was evident when required. The audit found the JRMs included neutral, complete, and accurate information, provided a sample bill and generation portfolio content, and referred customers to PG&E's and CCAs' websites as required. The audit also found that PG&E and the CCAs shared the costs associated with designing, preparing, and distributing the JRMs equally. Further, the PAO was able to demonstrate that JRMs issued during 2022 that we reviewed were appropriately approved. Additionally, our review found that PG&E posted JRCs on their website with content consistent with the JRMs, as required by the CCRs. Finally, in reviewing prior website snapshots, it appeared that PG&E complied with posting JRCs when rate changes were made however, it was difficult to determine how many rate changes were approved as the CPUC did not always post all rate changes approved.[4]

PG&E Generally Complied with CCR 9 by Refraining from Speaking on Behalf of CCAs or Providing Untrue or Misleading Statements about CCA Rates and Services; However, the Audit Identified Two Instances of Noncompliance

PG&E generally complied with CCR 9 prohibiting electrical corporations from speaking or appearing to speak on behalf of any CCA program or making untrue or misleading statements related to CCA rates or service, except in two instances.

To determine if PG&E complied with CCR 9 during the audit period, we reviewed training material and scripts for call center representatives, manuals, 20 notices mailed to CCA customers, listened to 261 calls between PG&E call center representatives and CCA customers, and examined 165 digital and social medial posts and announcements. The audit found that PG&E has processes in place to ensure communications with CCA customers comply with CCRs, including policies and procedures, multiple levels of communication review, and tools to identify certain calls that require review, and employee training and coaching. Overall, the audit found nearly all written notices, calls, and posts reviewed complied with CCR 9.

[4] The California State Auditor recently reported that rate advisories on the Commission's website were helpful but needed improvement. Report #2022-115, *Electricity and Natural Gas Rates: The California Public Utilities Commission and Cal Advocates Can Better Ensure That Rate Increases Are Necessary*, August 2023.

However, the audit found that two interactions between CCA customers and PG&E call center representatives did not comply with CCR 9:

- **One interaction between a CCA customer and PG&E call center representative resulted in misleading information being shared with the customer.** In August 2020, a PG&E call center representative misspoke and provided incorrect information to a CCA customer. Specifically, in response to a new CCA customer asking if the CCA generation charge was an extra charge, PG&E's representative stated to the CCA customer, "Yes, you'll see three charges." In this interaction, the call center representative had the opportunity to clarify that the CCA generation charge was not an *extra* charge; rather, as a CCA customer, the customer's bill would now reflect a generation charge from the CCA and delivery charge from PG&E, when previously, the customer's bill would reflect both charges under PG&E only. By not clarifying that the CCA generation charge was not an extra charge; rather, it was the same type of charge the customer had paid before, just with a different energy provider, the call center representative provided a misleading response about CCA service, in violation of CCR 9. PG&E interpreted the interaction as the call center representative stating that the customer would now see more charges, but not necessarily be charged more. Moreover, PG&E conveyed that call center representatives are not instructed to communicate CCA generation charges are *extra* charges.

- **One interaction between a CCA customer and PG&E call center representative resulted in the call center representative speaking to the CCA's.** In December 2020, a PG&E call center representative spoke about the caller's CCA's generation rates. Specifically, in response to the customer's question asking if PG&E also offered generation services, the PG&E representative stated to the CCA customer:

  > "Yes. Typically, the third party is a little bit cheaper; about $30-$50 a month."

  In this interaction, the call center representative could still have addressed the customer's question, without violating the Code of Conduct, by confirming that PG&E also offered generation services. By speaking to the CCA's generation rates being cheaper, the call center representative spoke about the CCA's rates, in violation of CCR 9. Regarding this interaction, PG&E conveyed that the call center representative was sharing factual information, based on the publicly available JRCs on the IOU's website, and that the Code of Conduct allows the conveyance of such information. While the Code of Conduct's definition of marketing allows for the provision of factual answers in answer to the questions of individual customers, this is limited to answers about the utility's programs or tariffs. The CPUC further affirms this in Decision 12-12-036, noting that under the Code of Conduct's marketing definition, utilities may communicate about energy supply services and rates to customers if that information is being provided throughout the utility's service territory and it does not specifically reference any CCA program.

PG&E should continue to monitor, review, and coach written and verbal communications to customers, and ensure that personnel refrain from communicating and discussing CCAs' rates and terms and conditions of service with customers.

PG&E Complied with CCR 19 by Not Offering Alternative Mechanisms to Opt-Out of CCA Service

PG&E complied with CCR 19, which prohibits IOUs from providing their customers with any mechanism for opting out of CCA service unless requested to do so by the CCA.

To determine if PG&E complied with CCR 19 during the audit period, we interviewed PG&E personnel knowledgeable of the IOU's opt-out process and reviewed PG&E procedures, training, and guidance related to customers requesting to opt out of CCA service. Additionally, during our review of 20 notices mailed to CCA customers, 165 digital and social medial posts and announcements, and 261 calls between PG&E call center representatives and CCA customers, we did not observe any instances in which PG&E representatives offered or solicited opt-out requests. Further, we gathered information from and conducted interviews with CCAs in PG&E's service territory and no CCAs noted issues with opt out processes with PG&E.

PG&E Complied with CCR 20 by Not Refusing to Make Economic Sales of Excess Electricity

PG&E complied with CCR 20, which prohibits IOUs from refusing to make sales of electricity to a CCA because it is a CCA.

To determine if PG&E complied with CCR 20 during the audit period, we performed the following:

- **Identified the various types of energy resources PG&E sells to CCAs**. We found PG&E sales to CCAs primarily included physical electricity and procurement compliance attributes, such as resource adequacy and renewable energy credits.

- **Considered the definition of "excess electricity" as used in CCR Rule 20**. Because the Commission lacks a formal definition of excess electricity, we interpret "excess electricity" to refer only to physical electricity and to exclude other types of energy resources, such as procurement compliance attributes. We base our interpretation on information; discussions with CPUC and other utility stakeholders, and CPUC's rulemaking discussions regarding the implementation of Resolution E-4250 and the Code of Conduct Rules. We also recognize that CPUC would have written CCR 20 to prohibit IOUs from refusing to sell "excess energy ***resources***" if it intended for the prohibition to cover more than "excess ***electricity***".

- **Identified the mechanisms IOUs use to sell "excess electricity" to CCAs**. We found that PG&E only sold their "excess electricity" to CCAs through the California Independent System Operator (CAISO) wholesale energy market—CAISO matches energy supply with demand via bids and schedules and identifies participants only after transactions are settled. We received independent confirmation of this process from CPUC's Utility Audits Branch, which performs energy procurement audits. Likewise, through our information gathering efforts and interviews with CCAs, no CCAs reported that PG&E refused to make economic sales of excess electricity.

PG&E Complied with Rule 21 by Maintaining a Log of Complaints

PG&E complied with CCR 21 requiring electrical corporations to maintain a log of all complaints submitted in writing related to services provided for the CCA and CCA customers. The rule requires that the log be subject to review by CPUC and CCAs, and include key information, such as submission date, customer information, complaint description, and resolution.

To determine if PG&E complied with CCR 21 during the audit period, we reviewed PG&E's complaint logs and interviewed PG&E and CPUC Consumer Affairs Branch staff to understand how customer complaints are submitted, logged and processed. PG&E's Consumer Affairs and CCA Relations teams use a combination of Excel and PG&E's customer relationship management system to intake, manage, and track written customer complaints, including those submitted by CCA customers. CCA customer complaints are submitted to PG&E through various channels, including CPUC's complaint portal ("CIMS"), PG&E's general mailbox, PG&E's call center, and verbal complaints to PG&E employees working outside of the call center. The Consumer Affairs team flags CCA customer related complaints, which the CCA Relations team use to work closely with the affected work group to resolve any issues. There were 83 CCA customer complaints regarding services provided by PG&E submitted during the audit period and the complaints were maintained in a log with the required information, including complaint submission date, customer information, complaint description, and resolution. Additionally, while CCR 21 requires that IOUs provide CCAs with access to the complaint logs, we did not find evidence of any CCA having requested access to review these logs.

Recommendations

To ensure PG&E provides information to customers that is fair, accurate, neutral, and not misleading, the Commission should:

1. Direct PG&E to continue efforts to monitor, review, and coach written and verbal communications to customers, and ensure that personnel refrain from communicating and discussing CCAs' rates and terms and conditions of service with customers.

Finding 2. No Significant Issues Noted, but Opportunities Exist to Improve Joint Operational Activities

Given that the law requires IOUs to provide services to CCAs, including billing and metering, it is important that the utilities and CCAs have cooperative working relationships. PG&E's Electric Rule 23 guides the ongoing joint operational activities, including enrollments, metering, billing, and payment processing, by providing process descriptions and requirements that the utility and CCAs must follow. PG&E and the CCAs also have established service agreements, approved by CPUC, to govern the business relationship between the parties.

The audit identified no significant problems when PG&E transitioned customers to CCA service during the audit period. While our review did not uncover any significant issues with services and activities PG&E provides to CCAs, PG&E acknowledged that billing processes can be delayed, which could adversely impact CCAs with cash flow issues. Also, the audit found the service agreements in place between PG&E and the CCAs lack adequate performance standards and expectations.

Commission Resolution E-4907 Provides Implementation Processes CCAs are Required to Follow Before Providing Service to Customers

Through Resolution E-4907, the Commission provides the following directives that CCAs must follow:

- Policy Requirements—CCAs must provide customers with universal access, reliability, and equitable treatment, and the implementation of a CCA cannot result in costs shifted between CCA customers and IOU customers.
- Implementation Plan Documents and Requirements—CCAs must submit to the Commission an Implementation Plan and Statement of Intent, which describes the program's organizational structure, operations, funding, and processes to set rates and allocate costs. Such plans must be submitted by January 1st for load service of the following year. The Implementation Plan and any ensuing changes must be considered and adopted at a public hearing. Within 10 days of the filing, the Commission must notify the respective IOU of the filing. Within 90 days of the filing, the Commission must certify that the plan is satisfactory, and provide the CCA with its findings regarding any cost recovery that must be paid by CCA customers to prevent shifting of costs to IOU customers. The Commission also designates the earliest date for implementation.
- CCA Registration Requirements—Within 90 days of the filing, CCAs must submit the registration packet to the Commission that includes a signed service agreement with the incumbent IOU and a bond[5] to cover reentry fees in the event CCA customers involuntarily return to an IOU's bundled service. Within 120 days of the registration packet being deemed as meeting all requirements, the Commission must confirm the CCA's registration.
- Resource Adequacy Requirements and Forecasts—CCAs must submit two annual load forecasts as CCAs are subject to Resource Adequacy (RA) requirements to ensure sufficient resources are

[5] $100,000 or as determined in R.03-10-003

available to serve electricity demand. A preliminary load forecast must be submitted by mid-April for the following year and a revised load forecast with improved accuracy must be submitted in August. The submissions result in a RA obligation that the CCA must demonstrate that it has procured sufficient resources to meet its obligation. In the event an existing or pre-operational CCA does not submit an annual load forecast, they will not be allocated a RA obligation and the incumbent IOU remains responsible for procuring energy resources for the CCAs customers. Beginning in October and thereafter, CCAs submit monthly load forecasts.

- Public Notices—State law dictates that once a city or county implements a CCA, customers within the CCA's jurisdiction are automatically enrolled in the CCA's service unless the customer has chosen to opt-out. Prior to customers being automatically enrolled in the CCA, the CCA must send two notices to the prospective customers describing the terms and conditions of services being officered and the customer's right to opt-out of CCA service and remain with the incumbent IOU. The first notice must be sent within 60 days of automatic enrollment and the second notice within 30 days of automatic enrollment. IOUs cannot assist CCA customers in opting-out of CCA service.

The primary requirement that Resolution E-4907 places on an IOU during the development and launch of a CCA is that once the CCA sends out the required public notices, the IOU must transfer all applicable accounts to the CCA within 30 days[6].

PG&E's Electric Rule 23 Guides Processes Associated with Transitioning Eligible Customers to CCA Service and Ongoing Operational Activities

The Commission established the required processes that a local jurisdiction must go through to register and provide services as a CCA. In 2004 and 2005, several years before the first CCA launched, the Commission issued several decisions, including D.04-12-046 and D 05-12-041, to create a CCA program in compliance with AB 117. These decisions are intended to ensure CCA operations comport with utility tariff requirements and rules, and promote understanding and cooperative relationships between the utilities and CCAs. Given that PUC Section 366.2(C)(9) requires that the IOUs provide billing and metering services to CCAs, the Commission relies on utility tariffs to govern the relationship between CCAs and serving utilities.

As such, one of PG&E's tariffs, Electric Rule 23, addresses the CCA implementation and transition processes, as well as ongoing operational activities. Key transition processes include agreeing on the CCA implementation schedule, transferring customer accounts to CCA service, and facilitating data sharing as follows:

- Implementation Schedule—CCA and PG&E must agree to a mutually acceptable implementation schedule that complies with the Commission-designated earliest launch date.

- CCA Customer Enrollment—Customers within the CCA jurisdiction that have not chosen to opt-out will be automatically transferred and enrolled to CCA service through mass enrollment processes. The mass enrollment process starts between 30 and 45 days after the initial customer notification

[6] Within a 30-day period from the date of the close of their normally scheduled monthly metering and billing process.

period ends and involves PG&E transferring all CCA customer account to CCA service[7]. According to PG&E, weekly and monthly reports are provided to CCAs containing data for all customers (bundled and unbundled) in each CCA's respective jurisdiction with information regarding if the customer is eligible for enrollment with a CCA, if a customer has opted out, and who the customer's current energy provider is.

- Data Sharing—After the mass enrollment processes are complete, PG&E provides the CCA with individual customer information through the Electronic Data Interchange (EDI)[8], including historical energy usage data that CCAs use to determine energy procurement requirements.

After customers are transitioned to CCA service, the CCAs are responsible for procuring energy for their customers, but PG&E must provide other services such as transmission, distribution, metering, billing, payment processing, and customer communication. While the CCRs do not address ongoing operational processes and requirements directly, PG&E's Electric Rule 23 and CCA service agreements, approved by the Commission, guide the ongoing joint operational activities by providing process descriptions and requirements that the utility and CCAs must follow. The key joint operational activities are customer metering, billing, and collecting payments described below.

CCA-Customer Metering

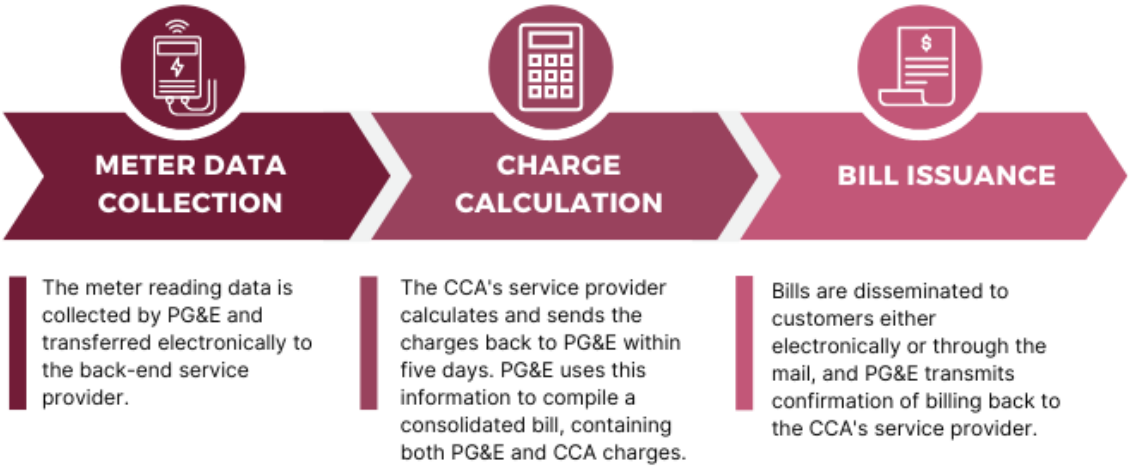
PG&E is required to perform all metering services for CCA customers, including installing meters and providing the CCA with customer meter data. Specifically, energy consumption data obtained from CCA customer meters is electronically sent to PG&E and to the CCA and its service provider. The meter data is used by the CCA for its operational processes, such as the bill generation and energy demand forecasting. After a customer is enrolled into a CCA service, PG&E is required to send the customer's account information to the CCA, including metering information as well as twelve months of historical usage.

CCA-Customer Billing

A CCA service provider uses the energy consumption data sent by PG&E to calculate CCA-customer energy generation charges—PG&E is not responsible for the accuracy of CCA-customer charges. Charge information must be sent back to PG&E the day following PG&E's actual meter reading date. If billing charges have not been received by PG&E from the CCA by the required date, PG&E will render the bill for PG&E charges only, without CCA charges. PG&E uses the charge information to generate a consolidated bill for the CCA customer that contains both PG&E charges (energy distribution) and CCA charges (energy generation). PG&E is required to include CCA charges on customer bills at least once a month. PG&E transmits confirmation of the billing process to the CCA service provider. Customer disputes of CCA charges must be directed to the CCA. The utility bill generation process is depicted in Exhibit 3:

[7] The customer switch occurs on the day of each customer's scheduled meter reading.
[8] Before exchange of information, the CCA must satisfy applicable electronic data exchange requirements and complete all necessary data interfaces to communicate with PG&E.

EXHIBIT 3: UTILITY BILL GENERATION PROCESS



Source: PG&E Interviews and PG&E Rule 23

According to PG&E's Electric Rule 17.1, if PG&E has failed to deliver a bill, actual or estimated, in a timely manner—3 months for residential customers and small business customers and 3 years for all other customers—PG&E cannot seek payment for those charges. In other words, if a bill is delayed by more than three months, a residential customer is only responsible for the most recent three months of PG&E charges. It's important to note that, when the criteria is met, PG&E automatically provides delayed billing credits to their bundled customers and CCA customers for generation, transmission and delivery charges.

CCA-Customer Payment Collection

CCA-Customers pay their bills directly to PG&E. PG&E is required to remit payments to the CCA the next business day after PG&E receives the payment from the customer. Upon receipt of PG&E's payment, the CCA is responsible for posting the payment to the customer's account in the CCA's billing system. If a billing issue arises that is related to CCA charges, the customer must coordinate with that CCA, but PG&E is still required to forward to the CCA amounts paid to cover CCA charges.

Additionally, service providers assist the CCAs working with PG&E to ensure smooth transition and operational processes, including data validation, sharing, and management.

No Significant Problems When PG&E Transitioned Customers to CCA Service or with Ongoing Operational Activities; However, Billing Processes Can Be Delayed

Our information gathering processes and discussions with CCAs and audit testing revealed instances of occasional operational issues and challenges that the IOU and CCAs worked through; however, we did not find significant ongoing issues related to PG&E's launch of one CCA during the audit period or related to services and activities provided by PG&E. However, PG&E acknowledged that some delayed billing issues can arise due to retroactive requests and data issues.

To provide context, PG&E provided data that indicated there are currently[9] about 10,500 delayed CCA customer bills (out of the total population of roughly 3.5 million CCA customers) with an average 162-day delay, ranging from 36 days to nearly 900 days. According to PG&E, there is no available report of the dollar value of delayed bills as PG&E can only report the dollar value on bills that have been finalized and issued. It is important to note that PG&E automatically provides delayed billing credits to their bundled customers and CCA customers for generation, transmission and delivery charges. Although not required by Electric Rule 17.1, PG&E's current business practice is to cover CCA lost revenue associated with any credits applied to a CCA's generation charges; between 2019 and 2022, PG&E estimates it has covered about $10 million in credits. Nonetheless, when PG&E delays customer bills, the CCAs indicated that their cashflows are impacted.

PG&E's Electric Rule 23 and Service Agreements with CCAs Lack Clear Performance Standards and Service Expectations

Providing successful services to CCA customers requires CCAs—local, not-for-profit, public agencies—and California's three major IOUs to work together on key operational processes. When two very different organizations with different systems, processes, and interests and under different regulatory authorities are required to work together on complex administrative efforts, challenges and barriers to cooperation could arise. Although CCAs have not reported significant ongoing service issues, PG&E's Electric Rule 23 and service agreements with CCAs should still be bolstered to set clear expectations to reduce potential conflicts and to provide a clear path for timely resolution when conflicts do arise.

PG&E and the CCAs established service agreements, approved by the Commission, to govern the business relationship between the parties. The services primarily involve those provided by PG&E to the CCAs as referenced in PG&E's community choice aggregation tariff Electric Rule 23, and include critical services such as customer enrollments into CCA service, meter reading, customer billing, and payment processing. In return, the CCAs pay PG&E for the services provided according to PG&E's rate schedules.

Typically, service agreements include performance standards and service expectations to ensure clarity and accountability. Clearly defined expectations establish the level of service to be delivered and provide a basis for measuring performance, promote a shared understanding of what is required, and mitigates potential misunderstandings. A few examples of standards and expectations that are often part of service agreements include:

- **Quality Standards:** Outlines the quality levels that the service provider is expected to meet. For example, the service provider agrees to perform tasks with a certain degree of accuracy and precision, minimizing errors and inaccuracies.
- **Timeliness:** Defines the acceptable timeframes or deadlines for completing tasks and services.
- **Response Time:** Specifies the expected response time for addressing inquiries, issues, or requests.

[9] As of August 12, 2023.

- **Penalties and Remedies:** Provides consequences for failing to meet the agreed-upon performance standards and expectations, and incentivizes mutually satisfactory performance.

The service agreements between PG&E and CCAs reference Electric Rule 23 to provide some description of service processes. However, aside from requiring PG&E to submit customer payments to CCAs by the next business day after receiving the payment, neither the service agreements nor Rule 23 specify expected quality standards, such as PG&E providing the services accurately and within agreed upon time-frames, response times for correcting issues or penalties.

While it is not unexpected that conflicts will arise from time to time when one entity provides services to another, CCAs and IOUs are impacted when operational problems occur, particularly when the IOUs do not address the issues timely, particularly because CCAs are wholly reliant on the IOUs for the services. This could include problems such as operational inefficiencies, customer dissatisfaction, reputational damage, and financial consequences. While some delays and issues such as billing issues may not monetarily impact an IOU because of its size and profitability, it could monetarily impact a CCA which is much smaller and has much less of a margin or reserves to carry it through while the issues are resolved.

Although the CCAs generally acknowledge that the PG&E teams they work with directly daily are generally responsive to concerns, the service agreements and Rule 23 do not provide response times for correcting issues or penalties, liquidated damages or other remedies when service expectations are not met.

Recommendations

To facilitate effective working relationships and establish clear performance standards and service expectations, the Commission should:

2. Establish a task force that includes both CCA, PG&E, and Commission representatives to:

    a. Identify ongoing operational issues and causes as well as proposed practical and timely solutions with the intent of supporting a cooperative relationship.

    b. Bolster PG&E's Electric Rule 23 and Service Agreements to set standards and expectations, including specific time-frames CCAs can expect to have issues resolved as well as remedies when service standards are not met.

3. Establish a uniform and consistent approach for handling late billings credits across all IOUs that details and clarifies how late billing credits should be applied to both bundled and unbundled customer bills and that assigns the responsibility for bearing the costs associated with issued credits.

Finding 3. CCAs Perceive the Dispute Resolution Processes Administered by the CPUC to be Ineffective in Addressing CCR Compliance and Operational Issues

CCAs have a shared view that available dispute resolution processes fail to ensure IOUs respond and address compliance or operational problems in a timely manner, and allegations of compliance violations do not prompt investigations by the CPUC to determine if violations have occurred and penalties warranted. Based on our interviews with CCAs associated with all three of California's major IOUs, there is a perception among many that the Commission is not motivated to help resolve disputes between IOUs and CCAs and when issues are elevated to the Commission's Energy Division for informal assistance, little is done to address the concerns. While the audit did not uncover any instances where disputes between PG&E and CCAs would have risen to the level of a formal dispute to be submitted to the Commission, the CCAs also believe formal dispute resolution procedures under Article 4 of the Commission's Rules of Practice and Procedure are too costly and time-consuming and are overly cumbersome. As a result, CCAs feel they are left to work out joint operational issues with IOUs themselves, placing them at the mercy of the IOUs and possibly incurring costs that more heavily impact a CCA because of its much smaller scale of operation as compared to that of an IOU.

PG&E and CCAs Attempt to Resolve Disputes

The Commission encourages the CCAs and IOUs to work together to address disputes, including allegations of noncompliance with the CCRs or operational issues, whenever possible. According to PG&E, most disputes do not require escalation to the Commission as issues are regularly worked out informally. Typically, when a concern arises, the CCAs reach out directly to their assigned PG&E Account Manager (one account manager is assigned three CCAs) who work with the CCA to resolve the issue. PG&E also holds meetings with the CCAs with the content and cadence dependent on the CCAs preference—some CCAs prefer to meet weekly, monthly, or as needed. CCAs generally reported positive working relationships with PG&E with several CCAs stating that PG&E's meetings help maintain an open and fluid communication that mitigates the need for formal escalations, Account Managers help resolve issues and are very responsive and effective.

When regular, day-to-day efforts to resolve issues are unsuccessful, more formal approaches between the parties are used to resolve disputes, such as written complaints and responses between the parties and "meet and confer" conferences. During the audit period, PG&E indicated that no "meet and confer" conferences were held with CCAs as issues are resolved before rising to that level and no settlement agreements were executed. If an IOU and a CCA are unable to reach consensus after meeting, either party may request that the Commission's Energy Division informally assist to resolve the dispute or may submit the dispute to the Commission through the Commission's formal dispute resolution processes, as discussed in the sections that follow.

CCAs Perceive the Assistance Provided by the Commission's Energy Division to Resolve Disputes with IOUs As Too Passive

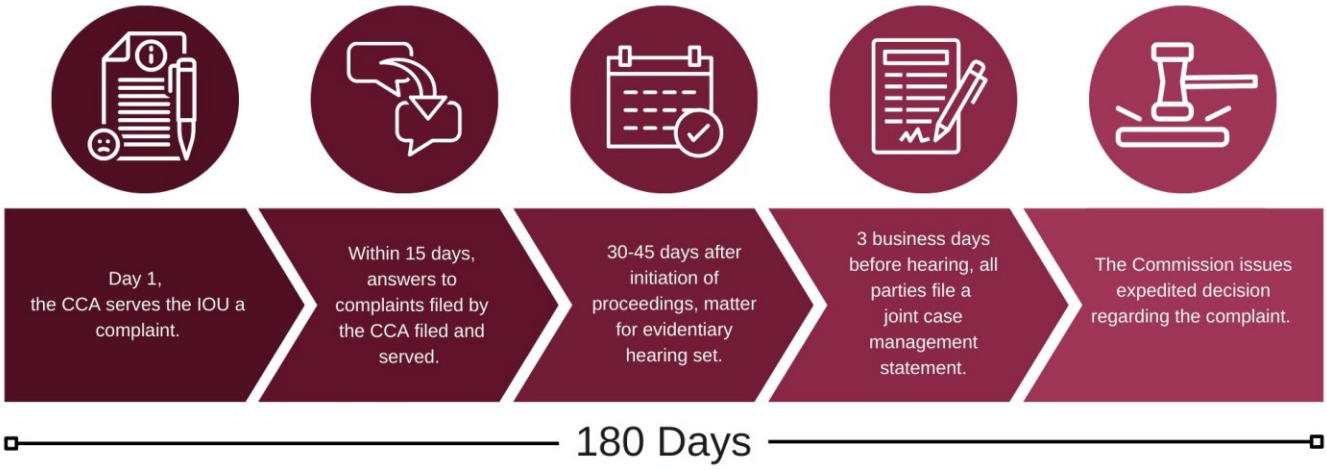
If CCAs and IOUs are unable to reach a satisfactory resolution to a dispute, CCAs may request help directly from the Commission's Energy Division. While no CCAs sought the Energy Division's assistance with disputes with PG&E during the audit period, in general, the CCAs associated with all three of California's major IOUs perceive the Energy Division's assistance as either passive or minimally involved. While the audit did not uncover any allegations of potential violations by PG&E of the CCRs, the CCAs believe that any potential violations by any of the three major IOUs communicated to the Energy Division would not prompt an investigation to be opened to determine if a violation occurred or a penalty was warranted, leaving CCAs to feel at the mercy of the IOUs when addressing disputes.

Additionally, the Energy Division acknowledged there are no protocols or procedures in place to guide staff efforts when CCAs request the Division's informal assistance to resolve disputes with IOUs, including tracking the status of disputes that are submitted or documenting actions taken.

Formal Dispute Resolution Procedures Under Article 4 of the Commission's Rules of Practice and Procedure are Perceived by CCAs as Time Consuming, Overly Cumbersome and Costly

After good faith efforts to resolve disputes informally have been attempted and failed, CCRs 24 through 29 provide a formal mechanism for disputes between CCAs and IOUs alleging CCR violations to be filed with the Commission. Specifically, the CCRs require these disputes be filed pursuant to rules outlined in Article 4 of the Commission's Rules of Practice and Procedure and be resolved within 180 days under an expedited process. The Commission may impose fines, injunctive relief, or any other appropriate remedy. Exhibit 4 summarizes the procedural steps and expedited timelines required associated with formal disputes concerning CCR compliance issues submitted to the Commission under Article 4.

EXHIBIT 4: EXPEDITED DISPUTE RESOLUTION PROCEDURES AND TIMELINES UNDER ARTICLE 4



Source: Code of Conduct Rules 24-49

Disputes that do not involve CCR compliance issues can also be submitted to the Commission under Article 4, but an expedited process is not specifically provided.

Additionally, at any time during a formal proceeding before the Commission, but preferably early in the process, parties may use the Commission's Alternative Dispute Resolution (ADR) program at no cost to the parties. This program involves Administrative Law Judges helping disputants resolve conflicts through facilitation, negotiation, mediation, and early neutral evaluation processes. According to the Commission, ADR sessions, in general, are typically completed in 0.5 to 2 days, although some continue over several weeks with the disputants meeting for a day or two at a time. According to the Commission, during the audit period, the ADR Program has not been used by any CCA.

During the audit period, we did not identify evidence that any formal disputes had been submitted by CCAs to the Commission under Article 4 against PG&E concerning potential violations of the CCRs. The CCAs associated with all three of California's major IOUs routinely indicated that the Commission's formal dispute resolution procedures are not used because the process is not effective for issues that need to be resolved quickly, particularly because many issues cannot wait six months for resolution, and the process is perceived as being too costly, likening it to going through a lawsuit. However, given the ADR program's apparent ability to expeditiously resolve disputes, it is unclear why it has not been utilized by the CCAs to address disputes with IOUs.

Recommendations

To ensure that compliance with the CCRs is handled in a fair and independent manner and to optimize the effectiveness dispute resolution processes, the Commission should:

4. Develop a process to investigate possible CCRs violations when identified rather than relying on IOUs and CCAs to work out compliance issues among themselves and implement consequences for noncompliance. The process should include making formal compliance violation determinations.

5. Establish a task force that includes both CCA and IOU representatives to discuss and identify practical dispute resolution processes that will ensure timely solutions issues.

6. Implement an independent and impartial Ombuds to:
    - Investigate, manage, and track CCR compliance issues and take action to resolve the matters timely.
    - Assist in resolving disputes and conflicts between IOUs and CCAs.

7. Ensure CCAs are aware of the ADR program and its benefits.

Appendix A. Summary of Code of Conduct Rules

CCR	Summary of CCRs
1	Defines basic concepts relevant to electric utility actions.
2	Prohibits IOUs from marketing or lobbying against a CCA program, expect through an independent marketing division that is funded exclusively by the IOU's shareholders and that is functionally and physically separate from the IOU's ratepayer-funded divisions.
3	Requires IOUs and CCAs to annually, jointly prepare and distribute neutral, complete, and accurate comparison of their tariffs, sample bills, and generation portfolio contents; annual more detailed comparison information to be posted on the two parties' websites; and ongoing detailed tariff comparisons to be posted to websites within 60 days after any changes. Costs are to be shared.
4	Specifies how the cost of an IOU's independent marketing division's use of support services from the IOU's ratepayer-funded divisions is to be allocated and must be supported by detailed public reports filed quarterly with the Commission's Energy Division and available on the IOU's website.
5	Prohibits an IOU's independent marketing division from having access to competitively sensitive information.
6	Forbids an IOU from recovering any direct or indirect costs used by the IOU for promotional or political advertising from any person other than the shareholders or other owners of the IOU.
7	Requires IOUs to provide access to utility information, rates and services to CCAs on the same terms as it does for its independent marketing division.
8	Specifies that an IOU cannot provide access to market analysis reports or any other types of proprietary or non-publicly available reports to its independent marketing division.
9	Requires IOUs to refrain from, or give the appearance of, speaking on behalf of any CCA, or making a statement related to a CCA's rates or terms and conditions of service that are untrue or misleading.
10	Requires IOUs to keep separate books and records from its independent marketing division.
11	Requires IOUs to be physically separate from its independent marketing division including separate office space, computers and information systems except to the extent appropriate to perform shared corporate support functions.
12	Allows an IOU and its independent marketing division to make joint purchases of goods and services, other than purchases of electricity for resale. The IOU is to ensure that all joint purchases are priced, reported, and conducted in a manner that clearly identifies purchases made by the IOU or its independent marketing division.
13	Allows an IOU to share with its independent marketing division joint corporate oversight, governance, support systems and support personnel; provided that support personnel does not include any persons who are themselves involved in marketing or lobbying. Requires shared support to comply with Commission pricing and reporting requirements and specifies what is not allowed so as to not create preferential treatment, unfair competitive advantages or customer confusion.
14	Requires an IOU to apply tariff provisions in the same manner to the same or similarly situated entities if there is discretion in the application of the provision.
15	Prohibits employees of an IOU's independent marketing division from being employed by the IOU.
16	Places certain requirements on all employee movement between the independent marketing division and other divisions of the IOU requiring them to be consistent with provisions listed including tracking and reporting movement, limiting movement for a period of time, prohibiting using or providing certain information to benefit the IOU or to the detriment of CCAs, and prohibiting assignments or rotations to the division.
17	Does not allow either the IOUs or their marketing divisions to offer to provide, or provide, any goods services, or programs to a local government or to the customers within a local government's jurisdiction on the condition that the local government not participate in a CCA program, or for inducing the local government not to participate in a CCA program. The rule further specifies what the restriction applies to and when it does not apply.
18	Forbids IOUs from discriminating between its own customers and CCA customers in matters relating to products or services that are subject to a tariff on file with the Commission and does not allow an IOU to condition or tie the provision of any product, service, or rate agreement to a customers' participation or non-participation in a CCA program. This does not apply to Commission-approved items only available to bundled service customers.
19	Prohibits IOUs from making any mechanism available for their customers to opt out of a CCA programs unless requested to do so by the CCA.

CCR	Summary of CCRs
20	Prohibits IOUs from refusing to make economic sales of excess electricity to a CCA program, or from refusing in advance to deal with any CCA program in selling electricity because it is a CCA program.
21	Requires IOUs to maintain a log of all new, resolved, and pending complaints submitted in writing, related to services provided for the CCA and CCA customers with specific key information and, requires the log to be available for inspection by CPUC and CCAs.
22	Requires each IOU that intended to market or lobby against a CCA submit, by March 31, 2013, a compliance plan demonstrating to the CPUC that there are adequate procedures in place that will preclude the sharing of information with its independent marketing division that is prohibited.
23	Requires the Commission's Executive Director to arrange for biennial audits prepared by independent auditors verifying that each IOU was in compliance with the CCRs during the preceding two years and describes how costs are to be paid.
24 - 29	Provides complaint processes and enforcement procedures.

Appendix B. Audit Response Letter

On the following page, we provide Pacific Gas & Electric Company's official response.

Pacific Gas and Electric Company

Aaron Johnson
Senior Vice President
Local Customer Engagement

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December 11, 2023

VIA E-MAIL

Mary Taylor
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Ms. Taylor:

Thank you for the opportunity to participate in the Community Choice Aggregation (CCA) Code of Conduct Audit. PG&E recognizes the tremendous time and effort the team at Sjoberg Evashenk Consulting, Inc. has undertaken in order to perform and complete the audit. We truly appreciate their professionalism and partnership throughout the year.

PG&E began serving CCA customers in 2010 with the launch of MCE Clean Energy. Since 2010, an additional 11 CCAs have launched and began providing their electric generation services to customers within PG&E territory. To date, roughly 3.4 million customers receive their electric generation service from a CCA provider. PG&E has incorporated the rules of the CCA Code of Conduct into our business practices and we continue to stress the importance of adhering to the Code of Conduct to all employees.

PG&E is pleased to learn that the CCAs in our territory stated within their audit feedback that they view our working relationship positively. We have worked hard to develop the relationship that we have today with our CCA partners. Over the years, PG&E and the CCAs have fostered a relationship that not only includes meeting regularly to provide operational updates, but one that addresses and resolves sensitive issues and disputes as they arise. We hope to continue to strengthen our relationship with our current CCA partners and we look forward to working with those to come in the future.

Thank you again for your time and the opportunity to participate.

Sincerely,

Aaron Johnson
Senior Vice President, Local Customer Engagement