

PRELIMINARY STATEMENT

Sheet 1

22. Solar on Multifamily Affordable Housing Program (SOMAH) Balancing Account (SOMAHBA)

1. Purpose

The purpose of the Solar on Multifamily Affordable Housing Program (SOMAH) Balancing Account (SOMAHBA) is to record the difference between the authorized SOMAH Program funding levels and all incremental costs associated with the SOMAH Program, including costs of conducting a Request for Approval (RFP), contributions to Program Administrator (PA) administrative budgets, utility administration costs and incentive payments pursuant to Decision (D.)17-12-022.

2. Definitions

a. GHG Revenue Funding:

GHG Revenues will be transferred from the Greenhouse Gas Balancing Account (GHGBA) to the SOMAHBA in amounts as approved by the Commission.

b. Interest Rate:

The Interest Rate shall be one-twelfth 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; Liberty CalPeco shall use the Federal Reserve three-month Commercial Paper Rate – Financial.

3. Operation of the SOMAHBA

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

a. An initial credit entry equal to \$783,861 from funds transferred from the GHGBA pursuant to D.17-12-018 issued in Liberty CalPeco's 2017 ECAC/GHG Application (A.17-07-001) and D.17-12-022;

b. Beginning in 2019, a credit entry equal to the amount of GHG Revenue Funding made available from the GHGRBA as approved by the Commission in Liberty CalPeco's annual ECAC/GHG Application

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3. Operation of the SOMAHBA (Continued)

- c. A debit entry equal to Liberty CalPeco's costs of fielding a Request for Proposal (RFP) related to Energy Division's selection of a contractor to conduct measurement and verification of the SOMAH Program;
- d. A debit entry for all incentive payments made for invoices as submitted by the Program Administrator (PA);
- e. A debit entry equal to Liberty CalPeco's recorded incremental administrative costs including but not limited to:
  - (1) Reporting,
  - (2) Processing of invoices and payments and related data requests),
  - (3) Initial cost of fielding Request for Proposal and ongoing management of contract with PA.
  - (4) Cost of incremental utility administrative activities which may include PA support, billing system enhancements, operational billing activities (set up and manual).
  - (5) Contributions to the PA administrative budgets, and
  - (6) Payments to the Energy Division for invoices received related to the preparation of the annual report to the State Legislature, and activities related to the competitive bidding processes, and all evaluation, measurement, and verification activities.
- f. An entry to record the transfer of amounts to or from other accounts as approved by the Commission, and
- g. An entry equal to the interest by applying the Interest Rate to the average of the beginning and ending monthly SOMAHBA balances.

Not more than 10% of the GHG Revenue Funding allocated to the SOMAH Program shall be used for administration costs.

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

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4. Review and Disposition Procedures

Pursuant to D.17-12-022, unencumbered funds at the end of a program year are to be carried over to future years in the SOMAHBA. The disposition of any unencumbered funds upon program completion should be the subject of a Tier 3 Advice Letter submitted by the utilities, or of a Commission decision, once the duration of the SOMAH Program and the extent of funds used in it are more clearly known.

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20. Greenhouse Gas (GHG) Revenue Balancing Account (GHGRBA)

3. Forecast GHG Allowance Revenue Allocation Methodology

For rate setting 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 31<sup>st</sup> balance (over collected or under collected) in the GHGRBA;
- c. Less: the forecast GHG-related customer outreach and education costs, with each subsequent year authorized by the Commission for recovery;
- d. Less: Liberty CalPeco's proportionate share of its costs, allocated based on percentage of retail sales, to engage a firm with marketing and public relations expertise that will be responsible for proposed 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-resident 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 GHRRBA shall be determined as follows:

- a. A debit entry to transfer GHG allowance revenues to the Solar on Multifamily Affordable Housing P Balancing Account (SOMAHBA) in amounts [approved by the Commission];
- b. A credit entry equal to the amount of actual GHG Revenues received from the (cap- and -trade auction);
- c. A debit entry equal to recorded GHG-related customer outreach and education costs;
- d. A debit entry equal to Liberty CalPeco's recorded share of costs to engage a firm with marketing a relations expertise that will be responsible for proposing expanded customer outreach and education a through 2015;
- e. A debit entry equal to recorded GHG-related administrative cost revenue requirements;
- f. A debit entry equal to actual GHG Revenues returned to EITE customers;
- g. A debit entry equal to actual GHG Revenues returned to Small Business customers through th volumetric \$/kWh rate;
- h. A debit entry equal to actual California Climate Credit revenues returned to residential customer;
- i. A debit entry equal to the amount paid to the California Air Resources Board (CARB) or any other aut ordered by the Commission.

The sum of (a) through (i) 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 monthly GHGRBA balances.

The balance forecast to be recorded in the GHGRBA (either over collected or under collected) on December 31 current year, shall be included in the forecast of GHG Revenues for the subsequent year to be either returned t recovered from, eligible customers in distribution rates based on the Commission-authorized GHG allowance r allocation methodology.

5. Transfers from the GHGBA

Track transfers from the GHGBA to the SOMAHBA (Preliminary Statement 22) in accordance with D.17-12-022.

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