



ELECTRIC PRELIMINARY STATEMENT PART GZ Sheet 1
DISTRIBUTED ENERGY RESOURCES DISTRIBUTION DEFERRAL ACCOUNT

GZ. Distributed Energy Resources Distribution Deferral Account (DERDDA)

1. **PURPOSE:** The purpose of the DERDDA is to record and track actual costs incurred for (1) the Utility Regulatory Incentive Pilots program ("IDER Incentive Pilot") required to be implemented pursuant to CPUC Decision (D.)16-12-036 and (2) Distributed Resources Plan Distribution Investment Deferral Framework (DIDF) projects (including the Partnership Pilot and the Standard Offer Contract Pilot) pursuant to CPUC D.18-02-004 and D.21-02-006. D.18-02-004 allows PG&E to repurpose the existing Integrated Distributed Energy Resources Account (IDERA) to also record and track the costs associated with the DIDF projects. As a result, the account was renamed as Distributed Energy Resources Distribution Deferral Account. For the IDER Incentive Pilot, the amounts recorded in this account, include costs of annual contract payments to distributed energy resource providers, incremental administrative costs for the IDER Incentive Pilot, and the value of the four percent (4%) pre-tax incentive applied to the annual payments to distributed energy resource providers. For DIDF, the amounts recorded in this account include costs of annual contract payments and incremental administrative costs for the DIDF deferral projects. The DERDDA includes five sub-accounts to track each of these costs separately. (T)
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2. **APPLICABILITY:** The DERDDA applies to all customer classes, except for those specifically excluded by the Commission.
3. **REVISION DATE:** Disposition of the balances in the various sub-accounts will be in the distribution component of rates through the Distribution Revenue Adjustment Mechanism (DRAM) as part of the PG&E's Annual Electric True-up (AET) advice filing.
4. **RATES:** The DERDDA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The DERDDA consists of the following subaccounts:

Integrated Distribution Energy Resources (IDER) Incentive Pilot:

The "Integrated Distribution Energy Resources Contract Payment Sub-Account" records and tracks the costs of payments to distributed energy resources providers associated with the IDER Incentive Pilot. These costs are pre-approved for recording and recovery in PG&E's next General Rate Case filing. The annual distributed energy resources provider payments, having been pre-approved, will be recovered over the lifespan of the contracts.

The "Integrated Distribution Energy Resources Administrative Cost Memorandum Sub-Account" records and tracks incremental administrative costs for the IDER Incentive Pilot. PG&E is required to file a Tier 3 advice filing providing a forecast of the expected administrative costs. The forecast costs approved in the advice filing are pre-approved for recording and recovery and will be reviewed by the Commission in PG&E's next GRC. Any administrative costs exceeding the forecast approved in the advice letter are subject to a reasonableness review. PG&E will provide a copy of the memorandum account recovery request in its next GRC to the Energy Division's IDER group.

The "Integrated Distribution Energy Resources Incentive Sub-Account" records and tracks the value of the four percent (4%) pre-tax incentive applied to the annual payments to distributed energy resource providers associated with the Incentive Pilot. The recorded incentives are subject to review by the Commission in an Energy Resource Recovery Account compliance application for each year in which an incentive is claimed.

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		<i>Vice President, Regulatory Affairs</i>	<i>Resolution</i>	



ELECTRIC PRELIMINARY STATEMENT PART GZ Sheet 2
DISTRIBUTED ENERGY RESOURCES DISTRIBUTION DEFERRAL ACCOUNT

5. ACCOUNTING PROCEDURE: (Cont'd.)

Distribution Investment Deferral Framework (DIDF) Projects:

The "Distribution Investment Deferral Framework Contract Payment Sub-Account" records and tracks the costs of payments to distributed energy resources providers for the Distribution Investment Deferral Framework projects. These costs are pre-approved for recording and recovery in PG&E's next General Rate Case filing. The annual distributed energy resources provider payments, having been pre-approved, will be recovered over the lifespan of the contracts.

The "Distribution Investment Deferral Framework Administrative Cost Memorandum Sub-Account" records and tracks incremental administrative costs for the Distribution Investment Deferral Framework projects. Disposition of the balance in this subaccount will be determined in the next General Rate Case or another proceeding as approved by the Commission.

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- a. Integrated Distribution Energy Resources Contract Payment Sub-Account: The following entries will be made to this subaccount at the end of each month, as applicable:
 - 1) A debit entry equal to the contract payment costs;
 - 2) A credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
 - 3) A debit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
- b. Integrated Distribution Energy Resources Administrative Cost Memorandum Sub-Account: The following entries will be made to this subaccount at the end of each month, as applicable:
 - 1) A debit entry equal to the incremental administrative costs;
 - 2) A credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
 - 3) A debit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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DISTRIBUTED ENERGY RESOURCES DISTRIBUTION DEFERRAL ACCOUNT

5. ACCOUNTING PROCEDURE: (Cont'd.)

- c. Integrated Distribution Energy Resources Incentive Sub-Account: The following entries will be made to this subaccount at the end of each month, as applicable:
 - 1) A debit entry equal to 4 percent pre-tax of the annual payments for the distributed energy resources;
 - 2) A credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
 - 3) A debit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
- d. Distribution Investment Deferral Framework Contract Payment Sub-Account: The following entries will be made to this subaccount at the end of each month, as applicable:
 - 1) A debit entry equal to the contract payment costs;
 - 2) A credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
 - 3) A debit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.
- e. Distribution Investment Deferral Framework Administrative Cost Memorandum Sub-Account: The following entries will be made to this subaccount at the end of each month, as applicable:
 - 1) A debit entry equal to the incremental administrative and contingency costs; (T)
 - 2) A credit entry to transfer the balance to other accounts for recovery in rates, upon approval by the Commission; and
 - 3) A debit entry equal to the interest on the average balance in the account at the beginning of the month and the balance after the above entry at a rate equal to the average interest rate on three month Commercial paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15, or its successor.

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