

From: Brian.Prusnek@sce.com
Sent: 6/15/2010 6:28:45 PM
To: Horner, Trina (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=TNHC);
Matt Deal (MJD@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fw: R.07-05-025 DA OIR: Ruling Clarifying Scope and Scheduling Further
Proceedings

Brian C. Prusnek
Regulatory Affairs Manager
Southern California Edison
415.929.5515 Office
415.405.6691 Mobile
brian.prusnek@sce.com

----- Original Message -----

From: Carl Silsbee

Sent: 06/15/2010 04:21 PM PDT

To: Akbar Jazayeri; Gary Stern; Michael Montoya

Cc: Deana Ng; Amber Wyatt; Steven Chin; Gary Schoonyan; Brian Prusnek

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Scheduling Further Proceedings

The attached ruling from Peevey/Pulsifer addresses, inter alia, the implications of SB 695 on resource requirements. The principle statement is as follows:

2.4. Ensuring Uniform Compliance With Resource Requirements

The workshop shall consider what if, any, additional measures are necessary to ensure ESPs are subject to same requirements as IOUs regarding resource adequacy (RA), renewable portfolio standards (RPS) and AB 32 requirements. Pursuant to § 365.1(c)(1) and (2), the Commission must ensure that ESPs and CCAs are subject to the same requirements as the IOUs with respect to RA, RPS, and AB 32 compliance. Subdivision (C)(2) requires that the costs of resources acquired by the IOU to meet system and local reliability needs for the benefit of all customers be allocated to all benefitting customers, including DA and CCA customers, along with associated RA credits. Unless CCAs and ESPs are subject to similar environmental and reliability standards as the IOUs, electric markets may be less stable, causing reliability and environmental goals to be jeopardized.

Issues associated with level-playing-field procurement of generation resources using renewable sources of energy are being addressed in R.08-08-009.

This proceeding shall address what actions are needed in the near term to ensure compliance with § 365.1(c)(1) and (2). Relevant requirements to be addressed include:

- a. Potential obligations to purchase from Qualifying Facilities (QFs), including combined heat and power;
- b. Greenhouse gas “cap-and-trade” and program measures pursuant to AB 32 implementing regulations or federal legislation;
- c. Costs from Commission-mandated new generation resources needed for system reliability;
- d. Multi-year requirements to procure Combined Heat and Power generation and renewables under feed-in tariffs.

A few weeks ago, the CPUC issued the 2010 LTPP rulemaking (R.10-05-006, Peevey/Kolakowski) indicating that SB 695 issues related to procurement planning would be heard in that docket. The key statement is:

1. Updates to Procurement Rules to Comply with SB 695 and Refinements to the D.06-07-029 Cost Allocation Methodology (CAM) - SB 695 addresses many of the same issues addressed in the CAM we adopted in D.06-07-029. SB 695 applies to both Utility Owned Generation (UOG) and Independent Power Producer-owned (IPP) generation, and eliminates the CAM election process, providing that a cost allocation must be “on a fully nonbypassable basis consistent with departing load provisions as determined by the Commission.” This proceeding will consider any necessary modifications to the LTPP rules needed to implement SB 695 or to otherwise address refinements to the CAM process.

At the PHC yesterday, ALJ Kolakowski was clear that she regarded SB 695/CAM issues as belonging in the LTPP proceeding.

I'm not sure how best to sort out these forum issues. I think the DA OIR has overreached, and that the better forum for addressing these issues is in the LTPP. Perhaps it is best to sit tight and see how things develop in the two forums. Regardless, we need to be sensitive to the potential overlap. Amber Wyatt is assigned to both proceedings, so she can keep everyone informed as potential conflicts arise.

----- Forwarded by Carl Silsbee/SCE/EIX on 06/15/2010 03:59 PM -----

R.07-05-025 DA OIR: Ruling Clarifying Scope and Scheduling Further Proceedings

Cecilia R Jones
to:
Carl Silsbee

06/15/2010
03:45 PM

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