

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Rulemaking Regarding Whether, or Subject  
to What Conditions, the Suspension of Direct  
Access May Be Lifted Consistent with  
Assembly Bill 1X and Decision 01-09-060.

Rulemaking 07-05-025  
(Filed May 24, 2007)

**STATEMENT OF THE DIRECT ACCESS CUSTOMER COALITION, ALLIANCE FOR  
RETAIL ENERGY MARKETS, BLUESTAR ENERGY, CALIFORNIA STATE  
UNIVERSITY, ENERGY USERS FORUM, MARIN ENERGY AUTHORITY,  
SAN JOAQUIN VALLEY POWER AUTHORITY, CALIFORNIA MUNICIPAL  
UTILITIES ASSOCIATION AND THE ENERGY PRODUCERS AND USERS  
COALITION, ON WORKSHOP TOPICS REGARDING POWER CHARGE  
INDIFFERENCE ADJUSTMENT PROPOSALS**

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ALLIANCE FOR RETAIL ENERGY MARKETS**

**AND ON BEHALF OF THE JOINT PARTIES**

November 30, 2010

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INDIFFERENCE ADJUSTMENT PROPOSALS**

As directed in the *Assigned Commissioner's Ruling Adopting Amended Scoping Memo and Schedule* ("Scoping Memo"), issued on November 22, 2010, as supplemented by the directive of ALJ Pulsifer communicated by e-mail from Southern California Edison on November 24, 2010, the Direct Access Customer Coalition, the Alliance for Retail Energy Markets, BlueStar Energy, the California State University, Energy Users Forum, the Marin Energy Authority, the San Joaquin Valley Power Authority, the California Municipal Utilities Association, and the Energy Producers and Users Coalition (the "Joint Parties")<sup>1</sup> submit this statement of proposed topics to be addressed in the scheduled workshops to be held on December 7, 14 and 15 regarding the flaws in the calculation and application of power charge indifference adjustment ("PCIA").

**I. OVERVIEW OF PCIA ISSUES**

In their September 23, 2010 Motion, the Joint Parties requested "a new expedited phase in this proceeding to promptly review and if necessary modify the methodology used to calculate

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<sup>1</sup> Attorneys for SJVPA, CMUA, BlueStar Energy, EUF and EPUC have indicated to Mr. Douglass that he may represent that these parties join in and support this motion.

non-bypassable departing load charges.”<sup>2</sup> The Joint Parties appreciate that the Assigned Commissioner’s Scoping Memo grants the Motion, so that the current flaws in the PCIA calculations and the harmful effect that these flaws have on Direct Access (“DA”) and Community Choice Aggregation (“CCA”) suppliers and customers can be addressed, along with the overarching policy issues that exist with respect to non-bypassable charges.

The following list describes the specific and urgent issues that must be immediately addressed with respect to untenable flaws that exist in the current PCIA calculations:

1. The current formula for the Market Price Benchmark used to determine non-bypassable departing load charges results in a Market Price Benchmark that is too low, and must be reformed to better reflect actual market conditions.
2. The Market Price Benchmark does not include any component that reflects the value of renewable resources so that the portion of the PCIA that reflects the stranded costs associated with the IOUs renewables portfolio is vastly over-stated.
3. The Market Price Benchmark does not include any component for CAISO services charges even though the cost of these services is included in the IOU costs used to calculate the non-bypassable departing load charges.
4. The Market Price Benchmark does not account for the value embedded in the delivery profile of the IOUs’ resources even though the delivery profile of the resources is reflected in the IOU costs used to calculate the charges.

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<sup>2</sup> See *Motion of the Direct Access Customer Coalition (“DACC”), California State University, the Alliance for Retail Energy Markets (“AREM”), the City and County of San Francisco (“CCSF” or “City”), the Marin Energy Authority (“MEA”), the San Joaquin Valley Power Authority (“SJVPA”), the California Municipal Utilities Association (“CMUA”), the Energy Producers and Users Coalition (“EPUC”), the California Large Energy Consumers Association (“CLECA”) and the California Manufacturers & Technology Association (“CMTA”) to Create a Separate Expedited Phase in this Proceeding to Review and Address the Flaws in the Methodology to Determine Non-Bypassable Departing Load Charges*, dated September 23, 2010, page 1.

5. The imposition of non-bypassable charges on departing load customers associated with the IOUs' renewable resource procurement causes those customers to pay twice for compliance with the Renewables Portfolio Standard ("RPS") electricity – once for the stranded cost portion of those investments, and once through each entity's own procurement in compliance with the RPS.
6. The imposition of any non-bypassable stranded costs associated with the IOUs' renewable resource procurement is questionable given that the renewable procurement by the IOUs that is excess as a result of departing load can be banked for future RPS compliance.

## **II. PROPOSED WORKSHOP TOPICS**

In order to fully address the issues raised in the above summary, the Joint Parties propose the following workshop topics:

1. Presentations on and discussion of the causes for the recent increases in the PCIA in the PG&E and SCE territories.
2. Presentations on and discussion of the current flaws in the Market Price Benchmark.
3. Presentations on and discussion of proposed changes to the Market Price Benchmark with respect to each of the following categories:
  - a. Whether renewable investments by the IOUs create any stranded costs.
  - b. Mechanisms that can be employed that will result in the value of renewable investment being reflected in the Market Price Benchmark.
  - c. Mechanisms to reflect CAISO costs in the Market Price Benchmark.
  - d. Mechanisms to reflect the delivery profile value in the Market price Benchmark.

### **III. PROPOSED WORKSHOP SCHEDULE**

The Scoping Memo provides for three days of workshops for discussion of the matters at issue in this proceeding. The Joint Parties believe that this schedule should be sufficient to discuss the topics listed above and suggest the following workshop schedule:

#### **December 7 - Morning**

- IOUs' presentation on current level and make-up of the PCIA in their respective territories.
- Joint Parties' presentation on the PCIA calculation as it currently exists (with an explanation of why it is unreasonable and problematical).
- Any other party's presentation on the PCIA calculation as it currently exists
- Roundtable discussion of difference among the parties' views and understanding of the PCIA mechanisms.

#### **Afternoon**

- IOUs' presentation of proposals for how the PCIA should be revised.
- Joint Parties' presentation of proposals for how the PCIA should be revised.
- Any other party's presentation of proposals for how the PCIA should be revised.
- Clarifying questions on the IOUs' proposals.
- Clarifying questions on the Joint Parties' proposals.
- Clarifying questions on any other party's proposals.
- Other presentations by Joint Parties and/or IOUs and/or other parties on any other aspect of proposals to make other departing load charges proposals, separate and distinct from the PCIA.

Workshop recesses for a week to give each party the chance to analyze the other proposal(s).

### December 14 - Morning

- Response by the IOUs to the Joint Parties' proposals
- Response by the Joint Parties to IOUs' proposals
- Responses to other parties' proposals

### Afternoon

- Continued discussion and efforts at settlement/compromise
- Discussion of other departing load charges proposals that may have been made, separate and distinct from the PCIA.

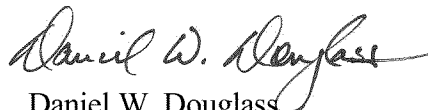
### December 15

- Discussion of other Phase III issues, including:
  - The Transitional Bundled Service rate components and calculation; and
  - Direct Access switching rules.

## **IV. CONCLUSION**

The Joint Parties look forward to working with Commission Staff and interested market participants to resolve these important issues.

Respectfully submitted,



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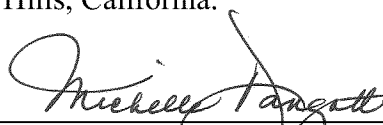
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ALLIANCE FOR RETAIL ENERGY MARKETS  
MARIN ENERGY AUTHORITY  
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November 30, 2010

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Statement of the Direct Access Customer Coalition, Alliance for Retail Energy Markets, BlueStar Energy, California State University, Energy Users Forum, Marin Energy Authority, San Joaquin Valley Power Authority, California Municipal Utilities Association and the Energy Producers and Users Coalition on Workshop Topics Regarding the Power Charge Indifference Adjustment* on all parties of record in proceedings **R.07-05-025** by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on November 30, 2010, at Woodland Hills, California.



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Michelle Dangott

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