

**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 ON WORKSHOP TOPICS OF
COMMERCIAL ENERGY OF CALIFORNIA**

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For Commercial Energy of California

November 30, 2010

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Commercial Energy of California (Commercial Energy) submits this statement of proposed workshop topics pursuant to the November 22, 2010 *Assigned Commissioner's Ruling Adopting Amended Scoping Memo and Schedule* (Ruling). According to the Ruling, the procedural plan for Phase III will be to address all remaining issues in a single Commission decision and technical workshops will be scheduled as an initial vehicle for parties to seek consensus on Departing Load PCIA issues and other Phase III issues. The Ruling directs that interested parties shall file and serve statements of proposed workshop topics, with preliminary proposals to follow at the first workshop.

Commercial Energy strongly supports the goal of the Ruling's procedural plan, to wit, "...to address all remaining issues in a single Commission decision". However, Commercial Energy is concerned that the IOUs are attempting to bifurcate, compartmentalize, and thereby lengthen the process by which this Commission can bring some degree of clarity, stability, and certainty for those customers and suppliers considering or engaging in the option of a Direct Access. The comprehensive approach offered in this Ruling is the only practical means for reaching a timely resolution of the these important direct access issues before more utility

customers, both bundled and direct access, are forced to make more decisions without complete information on the financial and procedural consequences of their decisions.

Commercial Energy's suggested topics for the workshops are as follows:

I. Power Cost Indifference Adjustment. The method for determining departing load PCIA for all customers subject to such charges must be transparent and understandable, otherwise the PCIA will be a barrier to a customer assessing its Direct Access options. A customer contemplating market opportunities cannot make an informed decision if charges for leaving bundled service are calculated in a utility's black box.

- a. Does the current methodology accurately accomplish the goal for supply?
 - i. Assuming what load growth annually?
 - ii. Assuming what weather modifiers?
 - iii. Assuming what DA migration factors?
- b. Does it capture all the costs and benefits of departing load?
 - i. Resource Adequacy? At what price?
 - ii. Renewable Portfolio? At what price?
 - iii. CAISO charges? At what price?
 - iv. Any other costs that are, or should be, imbedded?
- c. How would it be modified to increase accuracy or reallocate adjustments?
- d. Should it be modified after the fact to the affected customers?

II. Transitional Bundled Service. The rate components need to reflect the true cost of utility provided supply before or after a customer receives bundled service. The IOUs have argued in the workshops that incremental resource components such as RA and RPS have not been fully accounted for in the TBS rates. While this may be true, the Commission cannot know until and unless these costs are identified and quantified. This

accountability not only addresses the IOU's issue, but also facilitates portability of system resources, while taking much of the volatility out of the migration from bundled service process.

- a. Do TBS rates fully capture the costs?
 - i. RA? What are the costs?
 - ii. RPS? What are the costs?
 - iii. CAISO? What are the costs?
- b. Should TBS rates breakout these ancillary costs for the benefit of consumers and the Commission for planning purposes?
- c. Should returning customers only be allowed to receive TBS rates during their switching probation period (to be discussed below)?
- d. Does or should imposition of the TBS rates on returning customers mitigate the necessity for the Bonding costs since the return of such customers would not increase the costs to the Bundled core?
- e. Should the Commission require that RA and RPS costs for the utilities be identified and unbundled, both to facilitate calculation of TBS rate components and to permit ESPs to meet their RA and RPS requirements by compensating the utilities for these resources?

III. Direct Access Switching Rules. In workshops to date, the IOUs have been adamant that the Switching Rules drafted at the height of the furor over restructuring are somehow still the sine qua non even a decade later in a very different world. Commercial Energy and other parties' attempts to engage this conversation have been directly rebuked. But the fact is that there is no administrative or accounting justification for a six month notice in a world where an Enrolment Window can be filled

in less than 60 seconds. SB 695 reinstated a limited amount of choice because it recognized the world has changed since 2001. It empowered this Commission to modify the rules to allow Direct Access a reasonable opportunity. Six months notice and a 36 month stay simply do not comport with the world of today. Therefore, the following issues should be raised at the workshops:

- a. Can the timelines be shortened without incurring costs on the bundled users?
 - i. Does a percentage limit on the volume that can return in a given period assist in mitigating any exposure?
 - ii. Assuming TBS rates and PCIA charges that are truly indifferent, and which did not exist when the Switching Rules were implemented, is there any true justification for Switching Rules any more onerous than those that are working so well in the natural gas arena?
- b. Is there any justification for opening the 2012 queue in January of 2011?
 - i. There will likely be no decision in this docket by that time, and it is fundamentally unfair to ask customers to participate in another OEW until these procedural questions have been resolved.
 - ii. Commercial Energy's Motion to Show Cause has not been ruled on, which could significantly alter the amount of space available in the 2012 queue.
 - iii. What harm is there in postponing the next OEW until April 2011, even assuming the six month notice requirement is retained?

Respectfully submitted this 30th day of November, 2010 at San Francisco,
California.

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CERTIFICATE OF SERVICE

I, Melinda LaJaunie, certify that I have on this 30th day of November 2010 caused a copy of the foregoing

**STATEMENT ON WORKSHOP TOPICS OF COMMERCIAL
ENERGY OF CALIFORNIA**

to be served on all known parties to R.07-05-025 listed on the most recently updated service list available on the California Public Utilities Commission website, via email to those listed with email and via U.S. mail to those without email service. I also caused courtesy copies to be hand delivered as follows:

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I declare under penalty of perjury that the foregoing is true and correct. Executed this 30th day of November 2010 at San Francisco, California.

/s/ Melinda LaJaunie
Melinda LaJaunie

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