

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)

PROPOSED WORKSHOP TOPICS OF L. JAN REID

Pursuant to the November 22, 2010 Assigned Commissioner's Ruling (ACR) issued by Commission President Michael Peevey as modified by Administrative Law Judge (ALJ) Thomas R. Pulsifer on November 24, 2010, I submit a statement of proposed workshop topics. Parties were notified of ALJ Pulsifer's verbal ruling on November 24, 2010 via an email sent by Southern California Edison Company. Statements are due on November 30, 2010. I will send this statement to the Docket Office on Tuesday, November 30 using the Commission's electronic filing system, intending that the pleading will be timely filed.

The ACR has established three days of workshops (December 7, December 14, and December 15) on technical issues. I recommend that the following topics be discussed during the workshops: switching rules, Energy Service Provider (ESP) financial security requirements, transitional bundled service rates, uniform resource requirements, Direct Access (DA) process

improvements, and non-bypassable charges.¹ All of these issues are within the scope of issues identified in the June 15, 2010 Assigned Commissioner's Ruling (June Ruling).² I briefly discuss each of these issues in Sections II-VII, below.

I. Recommendations

I have relied on past Commission decisions, state law, and information provided by PG&E and the Direct Access Parties in developing recommendations concerning the Direct Access workshop topics.

I recommend the following:

1. The following topics should be discussed during the workshops: switching rules, Energy Service Provider (ESP) financial security requirements, transitional bundled service rates, uniform resource requirements, Direct Access (DA) process improvements, and non-bypassable charges.
2. The workshops should address the questions listed in Sections II-VII, below.
3. The financial security requirements (see Section III) should be based on the IOU's cost exposure for returning load previously served by an ESP.

II. Switching Rules

The Commission has pointed out that "Current rules require a six-month advance notice for customers seeking to return to DA or bundled service and a three-year minimum bundled service commitment for returning customers." (June Ruling, p. 3) The six-month advance notice requirement has been resolved

¹ Non-bypassable charges are also referred to as the "power charge indifference amount" (PCIA).

² See "Assigned Commissioner and Administrative Law Judge Ruling Clarifying Scope and Scheduling Further Proceedings," June 15, 2010.

by parties³ and thus is no longer an issue in this proceeding. However, the minimum commitment period has apparently not been addressed by the parties. Therefore, I recommend that the workshops seek to determine whether or not the minimum commitment period should be changed due to the CPUC's loading order rules or other factors.

III. Financial Security Requirements

The Commission has stated that: (ACR, pp. 4-5)

Since the disputes concerning [Energy Service Provider] ESP financial security requirements involve essentially legal issues, parties are directed to address their arguments on the ESP security issue in the form of legal briefs concurrently with their post-hearing briefs, rather than addressing this issue through prepared testimony.

Nevertheless, there are quantitative issues that need to be resolved. The financial security requirements should be based on the IOU's costs exposure for returning load previously served by an ESP. The Commission has previously identified four questions which should be addressed in regard to financial security requirements. (See June Ruling, p. 6) I recommend that these four questions be addressed during the upcoming workshops.

³ See "Joint Compliance Filing of Pacific Gas And Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company on Informal Working Groups 1, 2, And 3"; November 15, 2010, p. 4.

IV. Transitional Bundled Service Rates

There are at least three major issues associated with transitional bundled service (TBS) rates. These issues are:

1. Does the TBS rate fully account for the incremental costs imposed on the IOU system due to additional short-term supplies procured to serve customers returning to bundled service from DA pursuant to D.05-03-034?
2. Is the current TBS rate “incentive neutral” or does it provide incentives and barriers for customers who wish to move between direct access and bundled service? For example, does the current TBS rate constitute a barrier to customers seeking to return to bundled service or does it provide the IOUs with a competitive tool to attract customers back to bundled service
3. How should the TBS rate be changed to account for procurement obligations for resource adequacy (RA) and renewable portfolio standards (RPS) for bundled load served on the TBS tariff?

I recommend that these questions be addressed during the upcoming workshops.

V. Uniform Resource Requirements

Pursuant to Public Utilities Code § 365.1(c)(1) and § 365.1(c)(2), the Commission must ensure that ESPs and Community Choice Aggregators (CCAs) are subject to the same requirements as the IOUs with respect to AB 32 compliance. The workshops should seek to identify what additional measures are necessary to ensure that ESPs are subject to the same requirements as IOUs regarding AB 32, and SB 695 requirements.

VI. Direct Access Process Improvements

There are two significant financial issues associated with direct access process improvements: direct access services and fees; and direct access metering and billing rules. I recommend that the workshop address the following questions related to DA process improvement:

1. What methodology should be used to calculate the service fees?
2. Which fees should be eliminated because they have been consolidated into other service fees?
3. What methodology should be used to calculate metering costs?
4. What is the effect of advanced metering infrastructure on metering cost?
5. What methodology should be used to calculate the cost of billing services?
6. Should the Commission authorize each IOU to establish a separate fee schedule or should the Commission establish a single fee schedule which is charged by all of the IOUs?

VII. The Power Charge Indifference Amount (PCIA)

The Commission has stated that "A series of workshop sessions shall be scheduled as a forum to discuss the Departing Load PCIA methodologies, and potentially other unresolved Phase III." (ACR, p. 3)

I recommend that the workshop address the following questions related to the PCIA:

1. How should the benchmark used to determine the Departing Load PCIA be changed so that it provides for bundled customer indifference?
2. How should the PCIA be changed to account for the value and cost of resource adequacy, renewable resources, California Independent System Operator services, portfolio shape, and load factor?

VIII. Conclusion

For the reasons given herein, the Commission should adopt the recommendations that I have proposed concerning the December workshops. The Commission should allow a reasonable time for additional comments and reply comments on these issues, followed by evidentiary hearings on contested issues. If hearings are held, I will participate fully in the hearings.

* * *

Dated November 30, 2010, at Santa Cruz, California.

/s/ _____
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VERIFICATION

I, L. Jan Reid, make this verification on my behalf. The statements in the foregoing document are true to the best of my knowledge, except for those matters that are stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Dated November 30, 2010, at Santa Cruz, California.

/s/

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CERTIFICATE OF SERVICE

I certify that I have this day by electronic mail served a true copy of the original attached "Proposed Workshop Topics of L. Jan Reid" on all parties of record in this proceeding or their attorneys of record. I will serve a paper copy of the pleading on Commissioner Michael Peevey, and on Administrative Law Judge Thomas Pulsifer.

Dated November 30, 2010, at Santa Cruz, California.

/s/ _____
L. Jan Reid