

## Phase III Issues in Direct Access Rulemaking (R.) 07-05-025

### Workshop Agenda

**Location:** California Public Utilities Commission  
505 Van Ness Avenue  
Hearing Room A  
San Francisco

**Date/Time:** December 7, 2010 from 9:30 AM to 5:00 PM  
December 14, 2010 from 9:30 AM to 5:00 PM  
December 15, 2010 from 9:30 AM to 5:00 PM

**Objective:** Discuss and seek consensus among parties regarding the methodology for calculating the power charge indifference adjustment for Departing Load customers, and other possible matters as discussed in the Assigned Commissioner's Ruling dated November 22, 2010

#### **Overview**

On November 22, 2010, the Assigned Commissioner issued a ruling (Ruling) ordering that a series of workshop sessions as shown above shall be scheduled as a forum to discuss the Departing Load PCIA methodologies, and potentially other unresolved Phase III technical disputes. The first two workshops shall focus on PCIA Departing Load issues. A third workshop session shall address other Phase III issues.

After the workshops, on January 10, 2011, parties shall file comments on the status of workshop results in accordance with the schedule set forth in the Ruling, identifying areas of consensus versus remaining contested issues. To the extent that unresolved issues remain following the workshop sessions, parties may submit written testimony on any remaining disputed Phase III issues on January 31, 2011, in accordance with the schedule established in the Ruling.

#### **Workshop Agendas**

The Ruling scheduled 3 days of workshops, and directed interested parties to file and serve statements of proposed workshop topics. The Energy Division has reviewed these filings, and proposes the workshop agendas shown below. The time tentatively scheduled to cover the topics identified in the ruling is also shown in the table below:

**Tuesday, December 7, 2010**

Time	Minutes	Topic
9:30-10:00	30	1. Introduction and courtesy reminder by Energy Division; parties introduce themselves 2. Review agendas and workshop “deliverables”
10:00 – Noon	120	1. Utilities’ presentation on current level and make-up of the PCIA, accounting for recent increases 2. Joint Parties’ presentation on the existing PCIA calculation and its problems 3. Any other party’s presentation on the existing PCIA calculation 4. Discussion of difference among the parties’ views and understanding of the PCIA calculations
Lunch	90	
1:30-3:00	90	1. Presentation of proposals for how the PCIA should be revised and clarifying questions 2. Utilities’, Joint Parties’, any other
Break	30	
3:30-5:00	90	1. Other presentations on any other aspect of proposals to make other departing load charges proposals, separate and distinct from the PCIA

**Tuesday, December 14, 2010**

Time	Minutes	Topic
9:30-12:30	120	1. Brief Intro to Day 2 2. Response by the utilities to the Joint Parties’ proposals 3. Response by the Joint Parties to the utilities proposals 4. Responses to other parties’ proposals
Lunch	60	
1:30-3:00	90	1. Continued discussion and efforts at settlement/compromise 2. Discussion of other departing load charges proposals that may have been made, separate and distinct from the PCIA
Break	30	
3:30-5	90	1. Continuation and Wrap-up

**Wednesday, December 15, 2010**

Time	Minutes	Topic
9:30-12:30	120	1. Brief Intro to Day 3 2. Transitional Bundled Service rate components and calculation
Lunch	60	
1:30-3:00	90	1. Switching rules 2. Discussion and efforts at settlement/compromise
Break	30	
3:30-5	90	1. ESP Security Requirements 2. Discussion and efforts at settlement/compromise 3. Wrap-up

## Energy Division-Identified Workshop Questions by Topic

### Indifference calculation

1. The causes for the recent increases in the Power Charge Indifference Adjustment (PCIA) in the PG&E and SCE territories
2. Consider what adjustments are appropriate to the PCIA computations to reflect utility renewable investments:
  - 2.1. Stranded Cost issue: What is the effect of departing load on utility RPS procurement and planning?
    - 2.1.1. Do renewable investments by the utilities create stranded costs, e.g., do the utilities sell renewable resources into the market as a result of departing load?
    - 2.1.2. Does departing load cause a given quantity of RPS generation (either purchased or owned) to increase a utility's RPS compliance percentage, thereby relieving or reducing its obligation to make further renewable purchases?
  - 2.2. Alternative mechanisms to reflect the value of renewable investment in the PCI
    - 2.2.1. Develop an adjustment to the utility portfolio cost to remove RPS costs in excess of the average cost of the remaining resources - compare MPB to a total utility portfolio cost figure excluding renewable power
    - 2.2.2. Change the market benchmark (MPB) to include an RPS adder - add a specific dollar/kWh amount, representing the difference between the average cost of the utility portfolio with and without renewable power, to the existing MPB
3. Determine how to reflect California Independent System Operator (CAISO) costs in the PCIA calculations.
  - 3.1. Are the CAISO services costs generation related or load Related?
  - 3.2. Consider removing the CAISO grid charges from the utility portfolio costs prior to comparing that figure to the MPB.
  - 3.3. Consider adjusting the MPB upward to reflect the cost, on a per kWh basis, of the CAISO grid charges.
4. Determine whether and how to reflect the delivery profile value in the MPB.
  - 4.1. Is the load profile of departing customers relevant in selling those resources into the market to account for departing load?
  - 4.2. Should the MPB reflect the premium value of the utilities' services as Providers of Last Resort (POLR) for departing load and if so how?
5. Determine whether and how to update the Capacity Adder to the MPB.

### Transitional Bundled Service (TBS) Rates

1. Could the TBS rates be designed to mitigate the necessity for ESP security since the return of such customers would not increase the costs to Bundled customers?
2. If so, how should TBS rates be improved?

### Switching Rules

1. Consider any changes warranted by the current DA switching rules in light of the additional DA load allowances and the new cap on the total amount of load which can access DA service.
2. Consider reasons to not eliminate the 6-month notice to switch to DA service
3. Consider reasons to not eliminate the 6-month notice to return to bundled service
4. Can the notice requirements to switch to DA and bundled service be shortened without imposing costs on bundled customers?
5. Would a percentage limit on the volume that can switch into or out of bundled service in a given period assist in mitigating any exposure?
6. Consider postponing the opening of the 2012 notice until after the decisions are issued in phase 3 and Commercial Energy's Motion to Show Cause.

### ESP Security Requirements:

1. What cost exposure does each IOU face with respect to returning load previously served by an ESP that requires a bond?
2. What forms of ESP collateral are appropriate and subject to what qualification and documentation procedures?
3. How frequently should the ESP financial security requirement be revisited in view of ESP potential load fluctuations over time?
4. To what extent does the proposed settlement in R.03-10-003 for CCA bonding requirements provide a framework for ESP security requirements? Identify any pertinent differences between ESPs and CCAs that warrant different treatment with respect to security requirements.