

**Status Report on the Results of Energy Division’s Review
of the Utilities’ Senate Bill 695 Implementation for 2011 per D.10-03-022
July 15, 2011**

Summary

On April 20, 2011, the Alliance for Retail Energy Markets, Retail Energy Supply Association, and Direct Access Customer Coalition (collectively, Joint Parties) submitted a motion requesting a status report on the direct access (DA) implementation adopted in Decision (D.) 10-03-022 to implement the limited reopening of DA per Senate Bill (SB) 695, signed into law on October 11, 2009. On July 1, 2011, the Administrative Law Judge issued a ruling (Ruling) that granted the motion for an updated status report. Specifically, the Ruling directed the Energy Division to produce an updated status report providing similar categories of information as previously provided in its earlier status report on August 2, 2010. “The updated report shall document for each utility for Phase 2 [Y2] and Phase 3 [Y3], the number of customers submitting accepted six-month switching notices, the load associated with those submissions, the number of customers submitting six-month switching notices that were rejected, and confirmation of the amount of time it took to fill the cap. The report shall also provide information about the completion of the processing of enrollments of new direct access customers for 2011 for Phase 2.” (Ruling, Ordering Paragraph 2). In response to that direction, the Energy Division serves this status report electronically on parties to Rulemaking (R.) 07-05-025.

In its review of the information submitted by PG&E, SCE and SDG&E, the Energy Division has not found evidence that the utilities are administering the Y2 and Y3 processes unfairly.

Background

In D.10-03-022, the Commission authorized limited additional DA transactions within the service territories of California's three largest investor-owned utilities, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E)—in accordance with the provisions of SB 695. As part of that authorization, the Commission adopted procedures for phasing in new DA load, up to a maximum load cap in each Utility’s service area. Appendix 2 of that decision established detailed procedures for phasing in the new DA load over four calendar years: Year 1 (Y1-2010) through Year 4 (Y4-2013). The adopted procedures require a customer (or an Electric Service Provider or third party on behalf of that customer) to submit a six-month notice (switching notice) to the customer’s utility six months in advance of the switch date.

Table 1, showing accepted and rejected notices and the load associated with accepted notices, shows allowable phased-in DA load for each utility by year.

Room under the adopted Year 2 (Y2-2011) utility load limits is fully subscribed.

The Y2 phase-in began with customers submitting six-month notices on July 16, 2010 to switch to DA service after January 1, 2011. SDG&E, PG&E, and SCE notified all submitters initially of their status by electronic mail by August 5, August 12, and August 13, 2010 respectively. PG&E and SCE subsequently notified the Energy Division that they accepted a relatively few additional customers and load. PG&E, in mid-September and mid-October, upon review, identified additional capacity under the 2011 DA Load Cap sufficient to accommodate additional customers that had submitted notices on July 16, 2010. SCE in late September identified processing errors that resulted in customer notices having been erroneously rejected. SCE explained that it “identified the root cause of the error and implemented appropriate controls to prevent reoccurrence in the future.”

The Y3 implementation began with customers submitting six-month notices on January 31, 2011 to switch to DA service. The Y3 implementation began with The Y3 implementation began with customers submitting six-month notices on January 31, 2011 to switch to DA service in either 2011 or 2012, depending on whether room becomes available under the Y2 load limit. The utilities accepted six-month notices up to the Y3 (2012) load limit and notified all submitters of their status by electronic mail, PG&E and SCE by March 11, 2011 and SDG&E by March 14, 2011.

The Energy Division is making data provided by the utilities public about the six-month notice results for Y2 and Y3 per Ordering Paragraph 1 of D.10-03-022. The Energy Division issued data requests to the utilities regarding the Y2 and Y3 implementation results respectively on July 23, 2010 and March 25, 2011. The utilities responded beginning on August 13, 2010. PG&E and SCE identified their responses as confidential material. Ordering Paragraph 1 of D.10-03-022 states in pertinent part, “The Energy Division is authorized to post each utility’s monthly baseline amount of direct access load, as reported in their Direct Access Implementation Activities Reports [DASR Reports], on the Commission’s public website.” On this authority and per the directive in the July 1 Ruling, the Energy Division releases the included information about the six-month notice results for Y2 and Y3.

Table 1 below shows the numbers of customers submitting accepted six-month switching notices, the load associated with those submissions, and the numbers of rejected notices.

Table 1
Load in annual gigawatt-hours (GWH)

	Year 2, Notices Submitted 7-16-2010			Year 3, Notices Submitted 1-31-2011 ¹		
	Accepted Customers	Accepted Load	Rejected Notices	Accepted Customers	Accepted Load	Rejected Notices
PG&E	200	1,593	5,241	66	605	14,288
SCE	375	1,810	8,997	83	869	8,617

¹ Date established by Letter Granting Request for Extension, dated December 13, 2010 from CPUC Executive Director; this letter also extended the time by which utilities are required to notify submitters of six-month notices from 20 to 30 days.

SDG&E	37	156	1,928	21	113	3,113
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A number of DA notices were rejected by the utilities for various legitimate reasons. In addition to notices rejected because they arrived before the notice acceptance time and date or after the cap was filled, the utilities identified other reasons why a relatively small number of notices were rejected, defects such as multiple federal tax identification numbers, closed accounts, invalid rate, and Incomplete/Incorrect Notices. The totals shown for rejected notices exclude duplicate notices already accepted.

The Amount of Time Taken to Fill the Cap

Table 2 below shows the time required to fill the 2011 and 2012 caps (plus the 10% thresholds). The time required ranged from just under 3 minutes to 5 seconds.

Utility	2011 Cap (min/sec)	2012 Cap (min/sec)
PG&E	2/21	0/5
SCE	0/57	0/47
SDG&E	0/7	0/18

Completion of Enrollments of New DA Customers for 2011 for Y2

Table 3 provides information about enrolled load through June 30, 2011. The right side of Table 3 indicates the room available under the applicable cap for the date indicated in the row title.

The utilities have adjusted upward or downward the amount of load they accept based on available room under the cap. As is evident from a comparison of lines 12 with 13 and 21 with 22 in Table 3, the utilities have adjusted upward or downward the amount of load they accept based on available room under the cap. The total annual GWh load SCE accepted for Y2 and Y3 were both greater than the respective annual allotments of DA load. Specifically SCE explained that it accepted the additional load in January 2011 “as a result of reduced usage by DA customers and returns to bundled service by some DA customers, as well as some customers with accepted Six Month Notices ultimately not switching to DA, all of which freed up additional space under the existing load limit.”

PG&E also explained a processing error that resulted in its load by the end of last year exceeding the cap. See line 11 at right side of table and lines 12 and 13. The error involved load of customers whose notices were accepted, given an erroneous computation of the customers’ load. A customer inquiry uncovered the error. PG&E explained, “PG&E performed a wider investigation covering all SAs [service accounts] contained in accepted customer notices and “determined that ... other SAs from other customers should also have been accepted... The additional acceptance of these ...

SAs will bring PG&E's acceptances to slightly over the limit set in the tariff for this phase of DA Reopening... PG&E will implement process changes to increase controls to reduce the recurrence of such errors, including instituting more checks on work. In addition, the approval of additional time for the California IOUs [utilities] to validate and accept DA notices (30 business days as recommended by all parties in the report from the recently-concluded DA Phase 3 workshop) will greatly support the utilities' work on these tasks." PG&E's action to correct the error and allow DA load to exceed the annual cap is consistent with the spirit of Paragraph 10 of Appendix 2 of D.10-03-022.

Utility web pages must be updated at least monthly so customers can see whether room is becoming available under the cap; the web page must show the last update date. If room becomes available under the current (Y2) cap, the utilities are required to notify customers on their web pages. At this time, all utility web pages state that they are not currently accepting notices. Looking at utility web pages in mid-July, Energy Division notes that potential DA customers have no apparent way to be certain that these statements are current. SCE and SDG&E web pages indicate that they were last updated in early February 2011, while the PG&E web page indicates nothing about when the page was last updated. From the information provided to the Energy Division, these statements are current; but if interested customers cannot be sure, the intent of D.10-03-022 is defeated.

Therefore, we remind the utilities of the requirement to update their web pages monthly in this regard and to assure interested customers, indicate the date of the last evaluation/update.²

Conclusion

In its review of the information submitted by PG&E, SCE, and SDG&E, the Energy Division has not found evidence that the utilities are administering the Y2 and Y3 processes unfairly. However, a statement on utility DA web pages about the date of the last evaluation/update of DA load would provide customers with the assurance intended in the monthly web page update requirement adopted in D.10-03-022. The Energy Division will continue to monitor the utilities' compliance with the SB 695 implementation, as adopted in D.10-03-022.

² Paragraph 9 of Appendix 2 states, "During the phase-in period, the IOU will indicate on its public website whether NOIs (during OEW) or 6-month advance NOIs are being accepted, and update this information regularly, as reasonably necessary, but in no event less frequently than monthly. This information should be sufficient to inform customers and ESPs whether there is room available under the annual limits during the phase-in or the overall cap after the phase-in. The IOU will provide notice on its public website when the level of annualized sales for customers electing DA service approaches a certain percentage of the annual limit or overall cap (e.g., 95%)."

Table 3 Enrollment Information

Unless otherwise specified, such as "customers," all units are Annual GWh.

Line		PG&E	SCE	SDG&E	PG&E
1	Load Cap	9,520	11,710	3,562	
2	DA Base Line Load	5,574	7,765	3,100	
3	30Apr2010 Load	5,498	7,554	3,056	
4	Load of Existing DA Eligible customers w/6-mo Notices Between D.10-03-022 on 15 Mar 2010 and 9 AM 11 Apr 2010	569	6	0	
5	SB 695 DA Load Allowance	3,946	3,946	462	
6	Y1 Incremental = DA Allowance x 0.35	1,381	1,381	162	
7	Y1 Accepted Load	1,008	1,583	174	31
8	Y1 Annual Cap	6,955	9,145	3,262	
9	31Jul 2010 Load	6,296	8,255	3,227	65
10	31Aug2010 Load	6,486	8,579	3,233	46
11	31Dec2010 Load	6,967	7,747	3,231	-
12	Y2 Incremental = New DA Allowance x 0.35	1,381	1,381	162	
13	Y2 Accepted Load	1,593	1,810	156	
14	Y1+Y2 Accepted Load	3,170	3,399	330	14.77
15	Y1+Y2 Allowance	2,762	2,762	323	
16	Y2 Annual Cap	8,336	10,526	3,423	
17	31Jan2011 Load	7,579	8,972	3,370	75
18	30April2011 Load	8,545	10,141	3,341	-20
19	31May2011 Load	8,546	10,119	3,328	-21
20	30 June 2011 Load	8,516	10,109	3,317	-18
21	Y3 Incremental = New DA Allowance x 0.20	789	789	92	
22	Y3 Accepted Load	605	869	113	
23	Y3 Annual Cap	9,125	11,315	3,516	
24	Total Accepted DA Load post 15 Mar 2010	3,775	4,268	443	
25	DA Load Allowance Less Total Accepted DA Load post 15 Mar 2010	171	-322	19	

Notes:

The SB 695 Load Cap (line 1), Base Line DA (line 2), and the DA load allowance (line 5) are taken from Appendix 10-022.

SCE's baseline equals the annual DA load in its service territory as of November 30, 2009, plus Cerritos' set-aside 01-012.