

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

Order Instituting Rulemaking to Integrate and  
Refine Procurement Policies and Consider  
Long-Term Procurement Plans

R.12-03-014  
(Filed March 22, 2012)

**RESPONSE OF THE  
ALLIANCE FOR RETAIL ENERGY MARKETS,  
DIRECT ACCESS CUSTOMER COALITION  
AND MARIN ENERGY AUTHORITY  
TO THE MOTION OF PACIFIC GAS AND ELECTRIC COMPANY**

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MARIN ENERGY AUTHORITY**

Date: October 5, 2012

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Pursuant to Rule 11.1(e) of the Rules of Practice and Procedure of the California Public Utilities Commission, the Alliance for Retail Energy Markets<sup>1</sup> (“AReM”), Direct Access Customer Coalition (“DACC”)<sup>2</sup> and Marin Energy Authority<sup>3</sup> (“MEA”) respectfully submit this response to the motion of Pacific Gas and Electric Company (“PG&E”) submitted September 20, 2012 to move three issues from Track 3 of this Long-Term Procurement Plans (“LTPP”) proceeding to the Resource Adequacy (“RA”) proceeding, Rulemaking (“R.”) 11 -10-023, and to delay consideration of the remaining Track 3 issues (“Motion”). For the reasons discussed below, AReM, DACC and MEA strongly oppose PG&E’s request to delay Track 3 of the LTPP.<sup>4</sup>

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<sup>1</sup> AReM is a California non -profit mutual benefit corporation formed by electric service providers that are active in California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

<sup>2</sup> DACC is a regulatory alliance of educational, commercial, industrial and governmental customers who have opted for direct access to meet some or all of their electricity needs.

<sup>3</sup> MEA is the not -for-profit public agency that administers the Marin Clean Energy community choice aggregation (“CCA”) program. MEA launched electricity service to customers in May 2010. It is the first operating CCA program in the state of California.

<sup>4</sup> In a separate response filed today regarding PG&E’s separate Motion in the RA proceeding, R.11 -10-023, AReM and MEA support PG&E’s request to move the identified LTPP Track 3 issues to the RA proceeding.

However, AReM, DACC and MEA do not oppose PG&E's Motion with respect to having the identified Track 3 issues moved to the RA proceeding.

## **I. DESCRIPTION OF MOTION.**

PG&E's Motion requests that the Commission: (1) move three issues from Track 3 of the LTPP to the RA proceeding; and (2) defer the remaining Track 3 issues until the completion of Track 2 and the conclusion of the Commission's consideration of the flexibility and multi-year procurement issues.<sup>5</sup> The three Track 3 issues PG&E proposes to move to the RA proceeding are:

1. Flexible resources procurement and contract policies;
9. Policies related to ISO new markets and market products, including flexi-ramp products and intra-hour products;
12. Multi-year forward procurement requirements.<sup>6</sup>

In addition, PG&E requests that the topics of a "multi-year procurement requirement and associated procurement rule issues" be addressed in the RA proceeding along with consideration of characteristics needed to qualify as "flexible resources."<sup>7</sup> In support, PG&E argues that "[t]here appears to be emerging consensus ... that the current one-year, forward [RA] program should be improved in at least two aspects," namely to take into account flexibility of the resource and to extend the RA program to a multi-year timeframe.<sup>8</sup> PG&E states that the two issues are "too closely related to be artificially separated" and, because the Commission is already addressing "flexibility" in the RA proceeding, both issues should be considered together in the RA proceeding for "administrative efficiency."<sup>9</sup>

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<sup>5</sup> PG&E Motion, pp. 1-2 and p. 4.

<sup>6</sup> *Ibid.*

<sup>7</sup> PG&E Motion, heading, p. 2.

<sup>8</sup> *Ibid.*

<sup>9</sup> PG&E Motion, p. 3.

In support of its request to delay consideration of remaining Track 3 issues, PG&E provides two brief sentences, asserting that the issues “are not as pressing” and that many were “just considered” in the previous LTPP proceeding (R.10-05-006).<sup>10</sup>

## **II. TRACK 3 SHOULD NOT BE DELAYED.**

For all of the Track 3 issues that would not be moved to the RA proceeding per PG&E’s Motion, PG&E requests that the Commission defer all activity until work on Track 2 (System Plans) is completed and “the conclusion of the Commission’s consideration of the flexibility and multi-year procurement issues.”<sup>11</sup> However, The LTPP Scoping Memo contains no timeline for completion of Track 2,<sup>12</sup> nor is there any Commission timeline for considering flexibility and multi-year procurement,<sup>13</sup> regardless which proceeding addresses them. Thus, PG&E’s request amounts to an indefinite delay of all the remaining Track 3 issues that PG&E’s Motion does not transfer to the RA proceeding.

First, Rule 11.1(d) of the Commission’s Rules of Practices and Procedures requires the party submitting the motion to “state the facts and law supporting the motion.” As described above, however, PG&E provides merely a few sentences of unsubstantiated assertions.<sup>14</sup> Thus, PG&E has not met the most basic requirement for a motion submitted to the Commission.

Second and more significantly, the focus of Track 3 is procurement by the investor-owned utilities (“IOUs”), including changes to associated procurement rules. AReM, DACC and MEA have submitted substantial testimony in Track 1 of this proceeding urging Commission

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<sup>10</sup> *Ibid.*

<sup>11</sup> PG&E Motion, p. 4.

<sup>12</sup> *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, R.12-03-014, May 17, 2012, p. 10.

<sup>13</sup> See Track 3 timeline in May 17<sup>th</sup> LTPP Scoping Memo, *loc. cit.*, p. 13. In addition, there is no timeline to address these issues in the RA proceeding.

<sup>14</sup> PG&E Motion, p. 3.

action relative to the IOUs' bundled procurement plans and procurement rules, including enforcing Section 454.5 of the Public Utilities Code and conducting needed analysis to apply cost causation principles. PG&E's request to delay Track 3 indefinitely would therefore delay indefinitely implementation of any such action approved by the Commission in Track 1. Such delays could significantly harm direct access and community choice aggregation customers through the imposition of unwarranted and unjustified non-bypassable charges through the application of the cost allocation mechanism ("CAM"). Accordingly, AReM, DACC and MEA respectfully request that the Commission reject PG&E's request to delay the Track 3 issues that are not transferred to the RA proceeding.

### **III. ISSUES ON FLEXIBLE RESOURCES AND MULTI-YEAR PROCUREMENT SHOULD BE ADDRESSED IN THE RA PROCEEDING.**

AReM, DACC and MEA do not oppose moving the three Track 3 issues identified by PG&E to the RA proceeding. AReM, DACC and MEA believe that it will be more efficient to have all of these RA and capacity market issues dealt with in one proceeding. However, there are additional flexible resource issues listed within the scope of the LTPP proceeding; PG&E has not explained why the LTPP Track 1 issue on flexible resources<sup>15</sup> should remain in the LTPP while the Track 3 flexible resource issues are moved to the RA proceeding. AReM, DACC and MEA urge the Commission to consider moving those issues to the RA proceeding as well to ensure that there is no unnecessary bifurcation of RA-related issues

PG&E also states that there is "emerging consensus" for a multi-year RA procurement obligation for load-serving entities and that flexible resources and a multi-year procurement obligation are "closely related." AReM, DACC and MEA would agree that the issues of flexible

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<sup>15</sup> Track 1 issue #2, *Scoping Memo and Ruling of As signed Commissioner and Administrative Law Judge*, R.12-03-014, May 17, 2012, p. 5: "Whether flexible capacity attributes should be incorporated into a decision regarding additional capacity required to meet local reliability needs between 2014 and 2021 and , if so, how."

resources and a multi -year RA obligation are closely related, but there is nothing in the record yet to suggest that there is emerging consensus on whether and how to effectively modify the RA program to accommodate the changing needs of the electric grid. These issues require a thorough vetting and careful analysis to ensure that market design changes are consistent with competitive wholesale and retail markets, and provide price transparency and appropriate incentives for the development of products and services that support renewable integration.

#### **IV. CONCLUSION.**

AReM, DACC and MEA strongly oppose PG&E's request to delay Track 3 and respectfully request that the Commission reject that aspect of PG&E's Motion as unsupported by PG&E and harmful to the competitive retail market. However, AReM, DACC and MEA support PG&E's request to address the three Track 3 issues as well as flexible resources and multi -year procurement in the RA proceeding and respectfully request that the Commission clarify the scope of the RA and LTPP proceedings as needed to implement that change.

Respectfully submitted,



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