

**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)

NOTICE OF EX PARTE COMMUNICATION

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**ALLIANCE FOR RETAIL ENERGY MARKETS
DIRECT ACCESS CUSTOMER COALITION
MARIN ENERGY AUTHORITY**

January 23, 2013

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NOTICE OF EX PARTE COMMUNICATION

In accordance with the provisions of Article 8 of the Commission's Rules of Practice and Procedure, this notice of ex parte communication is provided on behalf of the Alliance for Retail Energy Markets ("AReM"), the Direct Access Customer Coalition ("DACC") and the Marin Energy Authority ("MEA") with regard to a series of ex parte meetings that occurred on January 17, 2013, between representatives of AReM, DACC and MEA and various Commission staff.

The first meeting was with Julie Fitch, interim Chief of Staff and Rachel Peterson, interim energy advisor to Commissioner Peterman and lasted from 11:30 to noon. The second meeting was with Matthew Tisdale, Energy Advisor to Commissioner Florio and occurred from 3:00 to 3:30. A third meeting was with Michael Colvin, energy advisor to Commissioner Ferron from 3:30 to 4:00. The fourth and last meeting was with Colette Kersten, energy advisor to Commissioner Sandoval from 4:00 to 4:30. At the first meeting, AReM was represented telephonically by Mary Lynch of Exelon (recently merged with Constellation Energy); and Sue Mara, Principal, RTOAdvisors, consultant to AReM, DACC and MEA; and MEA was represented by Elizabeth Kelly. At the three following meetings, that group was joined by Robert Ule and Laura Noz of JDS Uniphase Corp., a member of DACC and Dan Douglass, counsel to AReM, DACC and MEA.

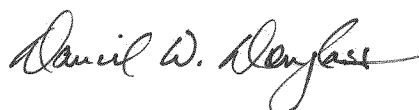
The discussions dealt with AReM/DACC/MEA's concerns about the proposed decision ("PD") issued in Track 1 of the long-term procurement plan ("LTPP") proceeding. All communications were oral and there were no handouts. It was explained that the PD was wholly

inadequate with regard to its discussion and findings concerning the cost allocation mechanism (“CAM”). Specifically, the PD fundamentally broadens the application of CAM beyond what is permitted by statute; creates significant uncertainty regarding resource adequacy procurement by retail choice providers; and fails to encourage responsible long-term procurement.

It was explained that retail choice customers do not want to be subject to utility procurement practices, which is why they elect retail choice. Imposing utility procurement on retail choice undermines the ability of electric service providers (“ESPs”) and community choice aggregators (“CCAs”) to manage the type of portfolios their customers are looking for, and disregards the fact that retail providers are required and fully prepared to meet the reliability and environmental obligations imposed by statute and regulation, but their ability to do so is compromised by current policies that vest “reliability management” at the utilities. Moreover, the PD ignores SB 790, which substantially revised (and limited) the application of CAM and requires specific attention to making sure that CCAs are able to procure to meet their own needs, without interference from the utilities’ procurement. The discussion also concerned revisions to the PD and other procedural options.

To request a copy of this notice, please contact Michelle Dangott at (818) 961-3003 or mdangott@energyattorney.com.

Respectfully submitted,



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