

**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 11, 2013

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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 meeting that occurred on January 8, 2013, between representatives of AREM, DACC and MEA and Carol Brown, Chief of Staff to Commissioner Peevey and Damon Franz, Energy Advisor to Commissioner Peevey. AREM was represented by Mary Lynch of Exelon (recently merged with Constellation Energy) and Sue Mara, Principal, RTOAdvisors, consultant to AREM; DACC was represented by Lindsey Rowell of the California State University; and MEA was represented by Elizabeth Kelly and Jeremy Waen. Dan Douglass, counsel for AREM, DACC and MEA, was also present.

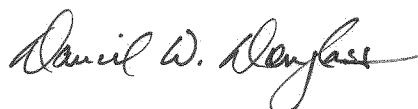
The discussion dealt with AREM/DACC/MEA’s concerns about the proposed decision (“PD”) issued in Track 1 of the long-term procurement plan (“LTPP”) proceeding. All communications were oral and there were no handouts. Ms. Lynch and Ms. Kelly explained that the proposed decision was wholly inadequate with 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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