

**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)

**REPLY BRIEF OF MARIN CLEAN ENERGY
ON TRACK 4 ISSUES**

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I. INTRODUCTION

This reply brief of the Marin Clean Energy (“MCE”)¹ on Track 4 issues is submitted in accordance with Rule 13.11 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure and the schedule provided in the September 12, 2013, Scoping Memo and Ruling of Assigned Commissioner (“Scoping Memo”). MCE is a Community Choice Aggregator (“CCA”) with a load of approximately 210 MW, and serves approximately 125,000 customer accounts in the City of Richmond and the County of Marin.

II. NEW RESOURCES RESULTING FROM THE SONGS SHUTDOWN SHOULD NOT BE SUBJECT TO THE COST ALLOCATION MECHANISM (CAM) SINCE THE IOUS HAVE NOT DEMONSTRATED COMPLIANCE WITH THE REQUIREMENTS OF CAM

A number of parties² indicate that new resources brought online to respond to the SONGS shutdown should be subject to the Cost Allocation Mechanism (“CAM”). For example,

¹ At the December 5, 2013 Board of Directors meeting, the organization changed its name from Marin Energy Authority (“MEA”) to Marin Clean Energy (“MCE”).

² Southern California Edison, San Diego Gas & Electric, Pacific Gas & Electric, The Office of Ratepayer Advocates.

Pacific Gas & Electric (“PG&E”) argues, “CAM should be applied to new generation resources procured pursuant to any Track 4 authorization.”³

Additionally, San Diego Gas & Electric (“SDG&E”) reasons, “In its role as an LSE procuring energy and capacity to serve its bundled customers, SDG&E’s procurement activity provides a benefit only to its bundled customers. In its role as a regulated IOU procuring new resources to ensure grid reliability, on the other hand, SDG&E’s procurement activity provides a benefit to *all* customers in SDG&E’s service area.”⁴ Similarly, the Office of Ratepayer Advocates indicates, “Since LCR [Local Capacity Resources] resources to replace SONGS would provide reliability benefits to all customers, the net capacity costs should similarly be allocated to all customers.”⁵

First, it is not possible to determine what portion of the needs discussed in this Track 4 should be borne by CAM unless and until it is determined (1) what portion of the need is the responsibility of bundled ratepayers through the bundled procurement plan (“BPP”) and (2) whether the statutory and other requirements of CAM have been met. Second, the proposals from the investor-owned utilities (“IOUs”) ignore the fact that CCAs also provide reliability benefits to all customers. With the IOUs’ and ORA’s logic, net capacity costs for CCA customers should also be allocated to all customers. This illustrates the fundamental reciprocity issue with CAM treatment for CCA customers: they are forced to bear the burden of their own costs as well as those of bundled customers, with no reciprocity. Therefore, they are charged twice for services and bundled customers are able to pass on costs to CCA customers, in violation of Section 366.2(a)(4) of the California Public Utilities Code, which reads: “The

³ Opening Brief of PG&E at 19.

⁴ Opening Brief of SDG&E at 36.

⁵ Opening Brief of ORA at 36.

implementation of a community choice aggregation program should not result in a shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation.”

Southern California Edison (“SCE”) argues, “ In Track 1, the parties fully litigated and the Commission determined in D.13 -02-015 that SCE’s procurement of new resources to meet local or system reliability is subject to CAM treatment. Nothing has changed since the Commission issued D.13-02-015 to justify revisiting this issue.”⁶ On the contrary, since Track 1 in this proceeding was concluded, SCE and SDG&E have requested additional resources to be brought on due to the SONGS shutdown. What has changed is that the IOUs now request for all customers to pay for at least an additional 500 MW resources that were previously paid for by only bundled customers.⁷ This shift in the request and the underlying issues with SONGS are all new factors that must be examined comprehensively by this Commission.

Although MCE disagrees with TURN’s characterization that “CAM should clearly apply to any procurement authorizations the Commission issues in this Track 4,”⁸ MCE believes TURN is correct that further reliability proposals should not automatically receive CAM treatment. MCE joins the request of TURN to “defer consideration of the use of CAM or similar mechanisms to allocate... [the] benefits and costs” of additional utility proposals to “respond to local reliability needs in the LA Basin and San Diego LRAs.”⁹

⁶ Opening Brief of SCE at 15-16.

⁷ Opening Testimony of Michael Rochman (DACC) at 9.

⁸ Opening Brief of TURN at 20.

⁹ *Id.* at 20-21.

