

**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 OF
ALLIANCE FOR RETAIL ENERGY MARKETS AND THE
DIRECT ACCESS CUSTOMER COALITION**

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

March 13, 2014

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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 communications is provided on behalf of the Alliance for Retail Energy Markets (“AREM”) and the Direct Access Customer Coalition (“DACC”) with regard to four separate meetings that occurred on March 10, 2014, from 9:30-11:30 to discuss the Track IV Proposed Decision (“PD”) in the above-referenced proceeding. All of the meetings occurred at the Commission’s offices in San Francisco. The meetings were first with Nicholas Chaset, advisor to Commissioner Michael Picker; next with Julie Fitch and Melicia Charles, chief of staff and advisor to Commissioner Carla Peterman; next with Amy Baker, advisor to Commissioner Catherine Sandoval; and finally with Sepideh Khosrowjah and Marcelo Poirier, chief of staff and legal advisor to Commissioner Michael Florio. The communications were both oral and written. In each meeting, the attached handout entitled “All Authorized/Projected CAM Capacity v. CAISO 2012 Peak” was provided. DACC was represented by Shehzad Wadalawala of the University of California, David Barge of Tesoro (telephonically), Michael Rochman of SPURR (telephonically) and Jess Galura of Wal-Mart, Inc. (telephonically). AREM was represented by Mary Lynch of Constellation New Energy and Read Comstock of Direct Energy (telephonically). AREM and DACC both were represented by Mark Fulmer of MRW & Associates, Sue Mara of RTO Advisors and Dan Douglass of Douglass & Liddell.

The discussion dealt with AREM/DACC’s concerns about the proposed application of the Cost Allocation Mechanism (“CAM”) to the procurement proposed by Southern California Edison (“SCE”) and San Diego Gas & Electric (“SDG&E”) in Track 4 of the long-term procurement plan (“LTPP”) proceeding. AREM/DACC stated that if the retirement of the San Onofre Nuclear Generating Station (“SONGS”), which has been used to serve bundled customer

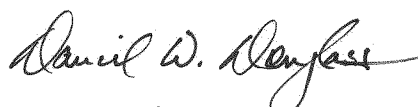
load, necessitates new utility procurement then the bundled customers of SCE and SDG&E are obligated to pay for it. SONGS has been a bundled customer asset since its inception and it is inequitable to spread the costs of its replacement power to unbundled customers. Further, from a procedural perspective, the application of CAM in this case directly conflicts with the representations that were made in D.13-08-023 with regard to the required utility showings and procedural review that was to accompany CAM requests in future proceedings.

It was also 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”) to manage the type of portfolios their customers are looking for. Further, it disregards the fact that ESPs and direct access customers 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.

Subsequently, the attached email was sent to Julie Fitch and Melicia Charles of Commissioner Peterman’s office, attaching the DACC/MEA/AReM testimony from Track 1 that dealt with proposed criteria for determining when CAM should be applicable and the proposed process to implement and a proposal concerning a CAM opt-out. The attachment to that email is not included as it was previously served to all parties.

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

Respectfully submitted,

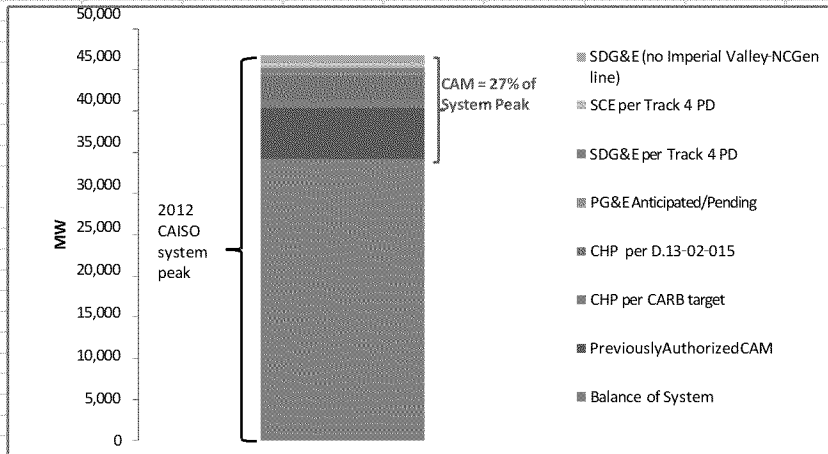


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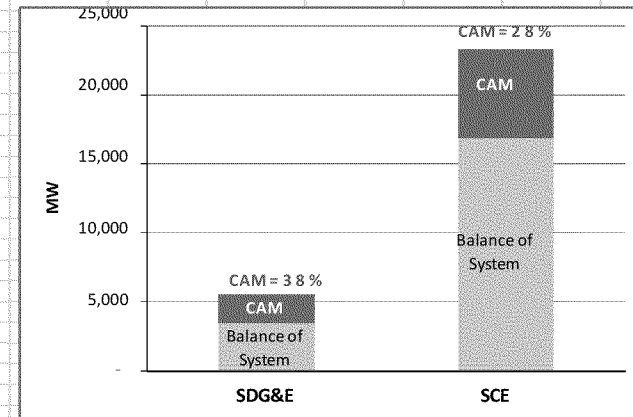
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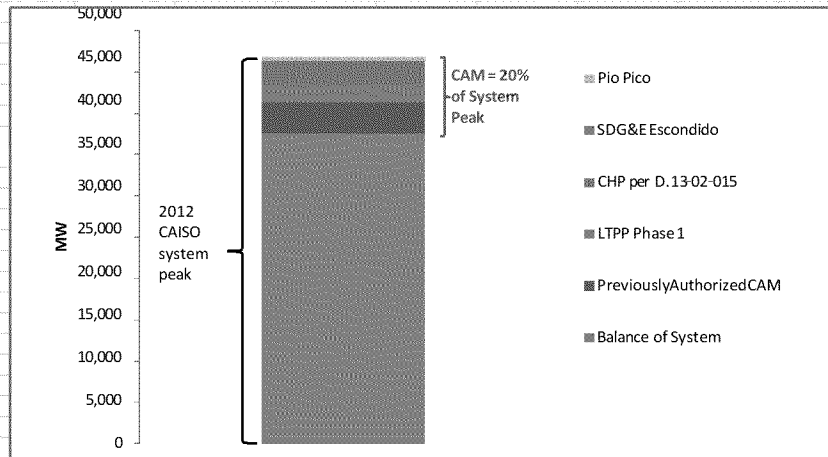
ALL AUTHORIZED/PROJECTED CAM CAPACITY V. CAISO 2012 PEAK



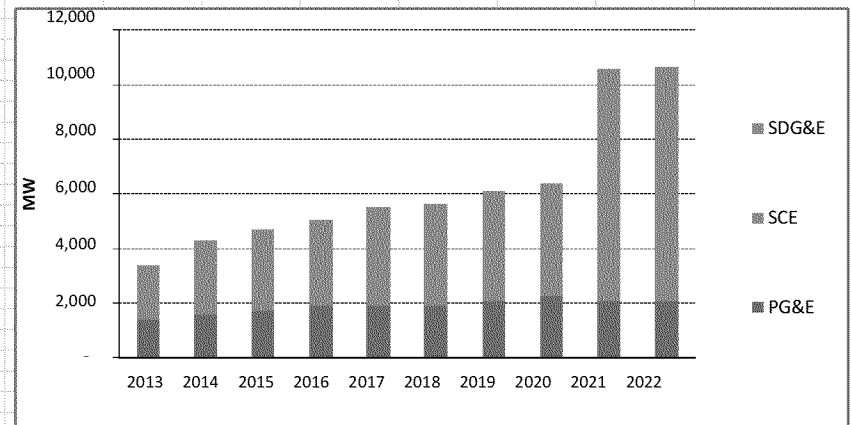
Estimated CAM Capacity in 2022



K



Estimated CAM Additions (Approved and Potential)



From: Dan Douglass [mailto:douglass@energyattorney.com]

Sent: Tuesday, March 11, 2014 1:01 PM

To: 'Fitch, Julie A.'; 'Charles, Melicia'

Subject: More on CAM Issues

Hi Julie and Mel, thanks again for the ex parte meeting yesterday to discuss the LTPP Track 4 PD. Per your request, attached is the DACC/MEA/AReM testimony from Track 1 that dealt with:

- Proposed criteria for determining when CAM should be applicable and the proposed process to implement — pp. 30-34
- Proposal concerning a CAM Opt-Out — pp. 54-64

Thanks again,

Dan

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