

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

Application of Southern California Edison
Company (U 338-E) to Establish Marginal Costs,
Allocate Revenues, Design Rates, and Implement
Additional Dynamic Pricing Rates.

Application 14-06-014
(Filed June 20, 2014)

**PROTEST OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION**

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On June 20, 2014, Southern California Edison Company (SCE) filed its application in Phase 2 of its 2015 General Rate Case, in which it seeks to establish marginal costs, allocate revenues, and design rates.¹ The Independent Energy Producers Association (IEP) protests SCE's application.

In its application and accompanying testimony, SCE proposes two significant changes to the way it sets rates for standby service.

- First, SCE proposes to modify the algorithm it uses to identify supplemental versus back-up load. It appears that the modification is designed to classify energy delivered at times when a generator is *expected* to be operating as supplemental service and to limit back-up service to periods when a generator is experiencing a forced or unscheduled outage.

¹ Notice of the filing of the application appeared in the Commission's Daily Calendar on June 25, 2014. This protest is timely filed in compliance with the provisions of Rule 2.6 of the Commission's Rules of Practice and Procedure.

- Second, SCE proposes to separate supplemental load from back-up load before revenue allocation is performed, rather than after the revenue allocation, as is its current practice.

IEP represents conventional and renewable generators in SCE's service area that will be directly affected by SCE's proposed changes to standby charges.

IEP protests SCE's proposal for changes to standby charges because the vague description in the application and in proposed Exhibit SCE-04 fails to inform the public and affected SCE standby customers of the rationale for the changes or to clearly explain how the changes will affect customers. The lack of information raises concerns about the potential impact on electric generators of the proposed changes.

From the information available in the application and proposed testimony, it appears that the proposed changes will have the effect of greatly reducing the amount of energy that SCE classifies as back-up capacity and greatly increasing the amount of energy that SCE classifies as supplemental power. Since the rates for back-up power are considerably lower than the rates for supplemental power, the proposed shift in the classification of the types of standby service raises a number of critical questions, and the answers to those questions could affect the operations of electric generators taking service from SCE.

In describing the proposed changes, SCE uses language that raises more questions than it answers. For example, SCE states that the algorithm modification is needed because of "the recent influx of behind-the-meter non-standby-exempt renewable and merchant generating facilities." This phrase is hard to decipher. IEP assumes that "non-standby-exempt" merely means that the generating facilities are subject to standby charges. However, SCE might also be applying the "non-standby exempt" modifier only to behind-the-meter renewable generators. It

would be helpful if SCE had provided an example of the behind-the-meter merchant generating facilities that require the change in the algorithm, since behind-the-meter generation usually refers to rooftop solar and merchant generation usually refers to larger projects designed to sell into wholesale markets and that are not typically described as “behind-the-meter.” Moreover, it appears that the biggest impact of SCE’s proposal will be on peaking units and combined cycle plants that operate intermittently, not behind-the-meter facilities that are cited as the justification for the change.

Other parts of the proposed testimony make assertions about the alleged benefits of the modified algorithm, without providing a clear explanation of what is wrong with the current algorithm and how the proposed modification addresses those shortcomings.

SCE’s description of its second proposal, for a change in when it separates supplemental load and back-up load in the revenue allocation and rate design process, is somewhat clearer, but the implications of this proposal are not clearly stated. Again, SCE offers general statements about the purported benefits of the change (*e.g.*, the proposed new sequence “will lead to more efficient allocation of revenue by better reflecting the unique characteristics of each type of service”) without offering any supporting explanation (*i.e.*, Why is the allocation more efficient? What are the unique characteristics that are reflected in the proposal?).

As an active participant in this proceeding, IEP will attempt to get the answers to these questions. For the reasons stated above, IEP protests this application.

Respectfully submitted July 24, 2014 at San Francisco, California.

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