

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



**FILED**

11-30-10  
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Rulemaking Regarding Whether, or Subject  
to What Conditions, the Suspension of Direct  
Access May Be Lifted Consistent with  
Assembly Bill 1X and Decision 01-09-060.

Rulemaking 07-05-025  
(Filed May 24, 2007)

**STATEMENT OF THE CITY AND COUNTY OF SAN FRANCISCO  
ON WORKSHOP TOPICS REGARDING REVISIONS TO THE  
POWER CHARGE INDIFFERENCE AMOUNT METHODOLOGY**

In accordance with the *Assigned Commissioner's Ruling Adopting Amended Scoping Memo and Schedule* (Scoping Memo), issued on November 22, 2010, as supplemented by the directive of ALJ Pulsifer communicated by e-mail from Southern California Edison on November 24, 2010, the City and County of San Francisco (City or CCSF) submits this statement of proposed topics to be addressed in the scheduled workshops to be held on December 7, 14 and 15 regarding the methodology to calculate the power charge indifference amount ("PCIA") and other Phase III issues.

**I. SUMMARY OF PCIA ISSUES.**

In their September 23, 2010 Motion, the Joint Parties requested "a new expedited phase in this proceeding to promptly review and if necessary modify the methodology used to calculate non-bypassable departing load charges."<sup>1</sup> The Scoping Memo grants the Motion. The Joint Parties' Motion set forth the problems with the PCIA as follows:

- The current formula for the Market Price Benchmark used to determine non-bypassable departing load charges results in a Market Price Benchmark that is too low. As currently formulated, the Market Price Benchmark is well below actual prices for recent sales and purchases of renewable and non-renewable resources.

<sup>1</sup> See *Motion of the Direct Access Customer Coalition ("DACC"), California State University, the Alliance for Retail Energy Markets ("AReM"), the City and County of San Francisco ("CCSF" or "City"), the Marin Energy Authority ("MEA"), the San Joaquin Valley Power Authority ("SJVPA"), the California Municipal Utilities Association ("CMUA"), the Energy Producers and Users Coalition ("EPUC"), the California Large Energy Consumers Association ("CLECA") and the California Manufacturers & Technology Association ("CMTA") to Create a Separate Expedited Phase in this Proceeding to Review and Address the Flaws in the Methodology to Determine Non-Bypassable Departing Load Charges*, dated September 23, 2010, page 1.

- The Market Price Benchmark does not reflect the value of renewable resources even though the cost of these resources is included in the IOU costs used to calculate nonbypassable departing load charges.
- The Market Price Benchmark does not reflect a component for CAISO services even though the cost of these services is included in the IOU costs used to calculate the nonbypassable departing load charges.
- The Market Price Benchmark does not reflect the value of the delivery profile of the resources even though the delivery profile of the resources is reflected in the IOU costs used to calculate the charges.
- As implemented, the Market Price Benchmark causes non-bypassable departing load customers to pay twice for Renewables Portfolio Standard (“RPS”) electricity – once through the Market Price Benchmark while not receiving any renewable attribute associated with the cost, and once through each entity’s own procurement in compliance with the RPS.
- The Market Price Benchmark causes departing load customers to pay a stranded cost for IOU renewable procurement that is not stranded, since any excess renewable procurement by the IOUs that is created by departing load may be used for current compliance or banked for future compliance for the IOUs’ procurement for its remaining bundled customers.

## **II. PROPOSED WORKSHOP TOPICS AND SCHEDULE**

In order to address the issues raised in the Joint Parties' Motion, the City proposes the following workshop topics:

1. Presentations on and discussion of the causes for the recent increases in the PCIA in the Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) territories.
2. Presentations on and discussion of the current flaws in the methodology to calculate the PCIA.
3. Presentations on and discussion of proposed changes to the PCIA methodology with respect to each of the following categories:
  - a. Mechanisms to ensure that the Market Price Benchmark accurately reflects the full value of IOU purchases on behalf of departing load. For example, barring severe

market disruptions, the Market Price Benchmark should not be significantly below (or above) the average price of recent IOU purchases.

- b. Mechanisms to ensure that departing load customers do not through the PCIA inappropriately pay for renewables without adjustment or compensation.
- c. Mechanisms to ensure that departing load customers do not through the PCIA inappropriately pay for CAISO costs without adjustment or compensation.
- d. Mechanisms to ensure that departing load customers do not through the PCIA inappropriately pay for the delivery profile value without adjustment or compensation.

The Scoping Memo provides for three days of workshops for discussion of the matters at issue in Phase III of this proceeding: two days, December 7 and 14 to discuss PCIA issues, and one day, December 15 to discuss other Phase III issues. The City suggests the following workshop schedule:

### **December 7**

Background:

- IOU presentations on the level and make-up of the PCIA in their respective territories, both currently and in comparison with historical levels.
- ESP and CCA presentations on the PCIA calculation as it currently exists with an explanation of why it is problematical.
- Customer representatives' perspectives.
- Clarifying questions and discussion.

Proposals:

- IOU proposals for how the PCIA should be revised.
- ESP and CCA proposals for how the PCIA should be revised.
- Customer representatives perspectives and/or proposals.
- Clarifying questions on the proposals.



CERTIFICATE OF SERVICE

I, KIANA V. DAVIS, declare that:

I am employed in the City and County of San Francisco, State of California. I am over the age of eighteen years and not a party to the within action. My business address is City Attorney's Office, City Hall, Room 234, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-4698.

On November 30, 2010, I served:

**STATEMENT OF THE CITY AND COUNTY OF SAN FRANCISCO  
ON WORKSHOP TOPICS REGARDING REVISIONS TO THE  
POWER CHARGE INDIFFERENCE AMOUNT METHODOLOGY**

by electronic mail on all parties in CPUC Proceeding No. R.07-05-025

The following addresses without an email address were served:

- BY UNITED STATES MAIL: Following ordinary business practices, I sealed true and correct copies of the above documents in addressed envelope(s) and placed them at my workplace for collection and mailing with the United States Postal Service. I am readily familiar with the practices of the San Francisco City Attorney's Office for collecting and processing mail. In the ordinary course of business, the sealed envelope(s) that I placed for collection would be deposited, postage prepaid, with the United States Postal Service that same day.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on November 30, 2010, at San Francisco, California.

/S/

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KIANA V. DAVIS