

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



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Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2015 Energy Resource Recovery Account (ERRA) and 2015 Generation Non-Bypassable Charges Forecasts (U 39 E).

A.14-05-024
(Filed May 30, 2014)

**REPLY OF THE CITY OF LANCASTER,
MARIN CLEAN ENERGY AND SONOMA CLEAN POWER**

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In accordance with Rule 14.3(d) of the Rules of Practice and Procedure of the Public Utilities Commission of the State of California (“Commission”), the city of Lancaster (“Lancaster”), Marin Clean Energy (“MCE”) and Sonoma Clean Power (“SCP”) (collectively, “CCA Parties”) hereby submit the following reply to other parties’ comments on the *Proposed Decision of ALJ Tsen* (“Proposed Decision”).

I. SUMMARY

The following is a brief summary of the CCA Parties’ reply to opening comments filed by Southern California Edison Company (“SCE”) and Pacific Gas and Electric Company (“PG&E”) (collectively, “IOUs”), as further described in Section II. First, the IOUs propose that multiple, later Power Charge Indifference Adjustment (“PCIA”) vintages be assigned to phases of a Community Choice Aggregator’s roll-out plan, unless the Community Choice Aggregator has separately signed a Binding Notice of Intent (“BNI”) for *each* specific phase.¹ The IOUs’ suggested modifications to the Proposed Decision should be rejected.² While clearly relevant, the BNI should not be *the only* factor with respect to establishing PCIA vintages. Rather, in establishing PCIA vintages, it is appropriate for the Commission to place primary emphasis on

¹ See, PG&E Comments at 4, and SCE Comments at 3.

² The CCA Parties extensively addressed this issue in their opening comments. (See CCA Comments at 3-7.)

whether or not Community Choice Aggregation (“CCA”) departing load is reasonably anticipated, and therefore explicitly or implicitly excluded from the IOUs’ long-term bundled load forecast.

Second, PG&E requests that the Proposed Decision be modified to make open-ended the time period associated with the Proposed Decision’s lone exception to the one-vintage approach. Specifically, PG&E requests that re-vintaging be broadly applied to *any* opt-out of CCA service, not just an opt-out that occurs “at the phase-in date.”³ PG&E’s request should be rejected insofar as it would conflict with the Proposed Decision’s administratively simple and understandable rule, and it could violate stranded cost principles. If an IOU feels that extraordinary opt-outs are in fact occurring, it can file an advice letter based on actual facts, not speculative, theoretical concerns.

Finally, the Commission should reject PG&E’s proposal that an additional working group be formed in order to develop vintaging *rules*.⁴ PG&E’s proposal reveals a recurring problem with PG&E’s CCA-related approaches: they are “administratively cumbersome.”⁵ The approach adopted in the Proposed Decision is “administratively simple,” and therefore there is no need for complex rules to implement the approach.⁶

II. REPLY

A. The Commission Should Reject The IOUs’ Exclusive Reliance On The BNI Process

As discussed extensively in the Commission’s preeminent decision on PCIA vintaging (Decision (“D.”)08-09-012), departing load that is explicitly or implicitly reflected in the IOUs’

³ See PG&E Comments at 5-6.

⁴ See PG&E Comments at 2.

⁵ See Proposed Decision at 14.

⁶ See Proposed Decision at 19; Finding of Fact 6.

(footnote continued)

respective long-term bundled forecasts should be exempted from future long-term procurement obligations.⁷ While a BNI process has been the principal means of determining CCA departing load,⁸ presumably this has been due to the “insufficient history of [CCA] transactions and limited knowledge of [bundled] customers’ intent to pursue such transactions in the future....”⁹ The Commission has noted the clear advantages of using historical information and trends instead of other methods of notice to establish departing load cost responsibility,¹⁰ and this should be the preferred approach.

Much has changed in eight years since the issuance of D.08-09-012. Four CCA programs are operational, several additional programs are ready to launch and CCA has become a (if not “the”) dominant load forecasting consideration.¹¹ Now, in light of the sufficiency of this “history,” it is unreasonable for PG&E to assert it “*must* continue to procure for later phases because the CCA’s commitment to subsequent phases occurring on certain dates is not *binding*.”¹² Such an approach wholly ignores historical information and trends. While the BNI may be *a* bright line, it should not be regarded as the one and only bright line. Other factors, such as a certified CCA implementation plan, provide comparable bases for assuming the departure of CCA load, particularly when coupled with historical information and trends.¹³

⁷ See generally D.08-09-012 at 14-26 (referencing and relying on D.04-12-048).

⁸ See, e.g., D.08-09-012 at 26. See also D.14-02-040 at 16.

⁹ See D.08-09-012 at 20.

¹⁰ See D.08-09-012 at 21 (“We note that the use of historic information and trends to reflect future departing load reduces some risk to the IOUs of possibly adopting overly optimistic estimates and tends to limit the dispute and litigation related to what the appropriate levels of departing load should be.”).

¹¹ See, e.g., PG&E’s recent application, filed on August 11, 2016, to close the Diablo Canyon Power Plant. (PG&E Application at 5.)

¹² See PG&E Comments at 4 (emphasis added).

¹³ As noted in D.14-02-040, ultimately the Commission is seeking to determine what level of forecasted CCA departing load should be assumed in the IOUs’ respective bundled load plans. (See D.14-02-040 at 2.)

B. The Commission Should Reject PG&E’s Requested Change To The Proposed Decision’s Language On Post-Service Opt-Outs

Despite the Proposed Decision’s desire for “administrative simplicity,” PG&E suggests a change in language that would result in the creation of even more vintages within a CCA service area. The Proposed Decision made clear that all customers are to receive the same vintage except for those customers that opt-out of CCA service *at the phase-in date* and later elect to take service from the CCA. PG&E proposes that *any* return to CCA service result in a new vintage. For example, if a customer took CCA service for 10 years, then elected to “opt-out” for 2 years, then returned to CCA service, that customer would get a new vintage. Not only are such after-the-fact switchers likely to be rare or *material*,¹⁴ but under PG&E’s proposed language the PCIA applicable in the example would include contracts entered into by PG&E during the 10-year period when the customer was not a PG&E bundled customer at all (and thus PG&E could not have reasonably acquired generation to serve the customer’s load), resulting in a PCIA charge that overstates PG&E’s actual “stranded costs.” PG&E’s proposed change to the simple, understandable rule developed by the Proposed Decision should be rejected. If an IOU believes that actual departing load in such instances might be material, it is free to file an advice letter or application seeking a deviation from the Proposed Decision’s simple, “single-vintage” approach. However, the onus should be on the IOU to prove that re-vintaging is necessary, appropriate and accurate.

C. The Commission Should Reject PG&E’s Call For An Additional Working Group To Develop “Rules”

The CCA Parties appreciate PG&E’s interest in clarity with respect to PCIA vintaging matters, but disagree with the rationale for such clarification and are concerned that PG&E’s

¹⁴ See CCA Parties Comments at 7-9 (describing why re-vintaging should only occur for “material” load departure).

(footnote continued)

approach will inevitably lead to an unduly and “administratively cumbersome” outcome. PG&E proposes that parties be directed to develop implementation “rules,” since PG&E regards the Proposed Decision as a “framework” lacking “specific details.”¹⁵ The CCA Parties disagree; the Proposed Decision simplifies the “endless permutations” of vintaging scenarios that presumably led PG&E to feel that “administratively cumbersome” rules were needed. Administrative simplicity is a hallmark of the adopted PCIA vintaging approach,¹⁶ and additional working group-developed “rules” are antithetical to the simple approach adopted in the Proposed Decision. As stated above, a better approach is for the Commission to adopt the simple rule contained in the Proposed Decision, and then allow the IOUs to file an advice letter or application, based on actual facts and not a speculative, parade of horrors, in which the IOUs have the burden of proof to clearly demonstrate that re-vintaging is necessary, appropriate and accurate.

III. CONCLUSION

The CCA Parties thank Administrative Law Judge Tsen and Commissioner Florio for their attention to the matters discussed herein.

Dated: August 15, 2016

Respectfully submitted,

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¹⁵ See PG&E Comments at 2.

¹⁶ See, e.g., Proposed Decision at 19; Finding of Fact 6.