



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue  
Implementation and Administration, and  
Consider Further Development of, California  
Renewables Portfolio Standard Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY  
(U 338-E) AND SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) ON PROPOSED  
DECISION IMPLEMENTING PROVISIONS OF GOVERNOR'S PROCLAMATION OF  
A STATE OF EMERGENCY RELATED TO TREE MORTALITY AND SENATE BILL  
840 RELATED TO THE BIOENERGY FEED-IN TARIFF IN THE RENEWABLES  
PORTFOLIO STANDARD PROGRAM**

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Dated: **October 17, 2016**

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**I.**

**INTRODUCTION**

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission’s”) Rules of Practice and Procedure, Southern California Edison Company (“SCE”) and San Diego Gas & Electric Company (“SDG&E”) (hereinafter collectively referred to as “Joint Utilities”) hereby submit their opening comments on the Proposed Decision of Administrative Law Judge (“ALJ”) Anne Simon Implementing Provisions of Governor’s Proclamation of a State of Emergency related to Tree Mortality and Senate Bill 840 related to the BioEnergy Feed-In Tariff (“BioMAT”) in the Renewables Portfolio Standard (“RPS”) Program, dated September 27, 2016 (“PD”). Joint Utilities request that the Commission modify the PD: (1) to recognize that the BioMAT implemented to address Tree Mortality does result in above-market costs for Joint Utilities’ bundled customers which should be shared by all benefitting customers; and (2) to

allow more time for preparation and submission of Tier 2 Advice Letters implementing the Commission's decision.

## II.

### **ALL CUSTOMERS SHOULD PAY ABOVE-MARKET COSTS OF BIOMAT CONTRACTS THROUGH A NONBYPASSABLE CHARGE**

The PD errs in stating that there are no “incentives, surcharges, adders, or other above-market costs” in the BioMAT program.<sup>1</sup> The “above market costs” are not in reference to one subcategory of costs in the BioMAT tariff, which forms a very small part of the total California energy market. BioMAT is part of RPS procurement and has a starting price of \$127.23/Megawatthour (“MWh”). The PD will drive up the forest BioMAT prices to the \$160 to \$200/MWh range, which is more than 300 to 500 percent higher than energy prices in every other similar category. The SCE non-peaking category (solar) of Re-MAT is priced at \$45.23/MWh.<sup>2</sup> SCE's current RPS solicitation had significantly lower prices than the Re-MAT non-peaking category.<sup>3</sup> And at the California Independent System Operator (“CAISO”), in 2015, wholesale energy prices were at \$37/MWh and \$42/MWh all-in cost.<sup>4</sup> The above-market costs of BioMAT are large compared to these other market prices and need to be incorporated in a BioMAT nonbypassable charge.

Because there are above-market costs in the BioMAT Program, they should be recovered from all customers through a nonbypassable charge. The Governor's Proclamation of a State of Emergency regarding removing dead and dying trees<sup>5</sup> is of equal benefit to all residents of California, but currently the BioMAT exclusively burdens only the Investor Owned Utilities'

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<sup>1</sup> PD, p. 26.

<sup>2</sup> <https://sceremat.accionpower.com/ReMAT/home.asp> Program Documents, Re-MAT Capacity Calculations Program Period 18.

<sup>3</sup> Prior to expiration of the program SDG&E's ReMAT price was \$89.23/MWh.

<sup>4</sup> California ISO 2015 Annual Report on Market Issues and Performance, Page 15.

<sup>5</sup> Proclamation of a State of Emergency, Edmund G. Brown, Jr., October 30, 2015.

(“IOUs”) customers with above-market costs. Further, Senate Bill (“SB”) 859 added in the requirement that nonbypassable charges will become part of the BioRAM program,<sup>6</sup> which procures Megawatts (“MWs”) from High Hazard Zone (“HHZ”) fuel resources of larger bioenergy resources. The California Legislature has clearly signaled that recovery of above-market costs from all customers through a nonbypassable charges is to be an integral part of any program benefiting all California residents moving forward. The benefit of using HHZ material as feedstock is identical regardless of whether it is used in the BioMAT or BioRAM programs. Thus, a nonbypassable charge is appropriate and should be part of the BioMAT program to be consistent with the legislative intent of SB 859.

### III.

#### **THE COMMISSION SHOULD GIVE THE JOINT UTILITIES SUFFICIENT TIME TO PREPARE TIER 2 ADVICE LETTERS WITH THE NECESSARY TARIFF CHANGES**

Ordering Paragraph (OP) 1 of the PD requires that the IOUs file Tier 2 advice letters modifying their tariffs to implement the changes to the BioMAT program adopted by the decision within 20 days of the effective date of the decision. Joint Utilities request that the IOUs be given at least 45 days to file the necessary changes. Not only will the IOUs need to make numerous modifications to their own tariffs to implement the various changes adopted by the decision, but they will also need to coordinate the changes with each other to ensure that the implementation is generally consistent across all IOUs. This type of coordination is challenging to accomplish most effectively in only 20 days. Allowing the IOUs additional time to file the tariff changes is unlikely to impact implementation of the decision, since the PD requires that the changes take effect starting with the February 1, 2017 BioMAT program period to reduce disruption and administrative complexity.<sup>7</sup> As such, allowing the IOUs additional and sufficient time to prepare the Tier 2 advice filings still allows for the changes adopted by the decision to be

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<sup>6</sup> California Senate Bill No. 859, Chapter 368, SEC. 14. Section 399.20.3 (f), September 14, 2016.

<sup>7</sup> PD at p. 27.

in place by the February 1, 2017 BioMAT program period, assuming the PD is adopted by the Commission in a timely manner.

**IV.**

**CONCLUSION**

For the reasons stated above, Joint Utilities request that the Commission modify the PD: (1) to recognize that the BioMAT implemented to address Tree Mortality does result in above-market costs for Joint Utilities' bundled customers, which should be shared by all benefitting customers; and (2) to allow more time for preparation and submission of Tier 2 Advice Letters implementing the Commission's decision.

Respectfully submitted on behalf of SCE and SDG&E,

JANET S. COMBS  
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*/s/ Carol Schmid-Frazee*

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October 17, 2016

**VERIFICATION**

I, Janos Kakuk, am a Manager in the Regulatory Affairs Organization of Southern California Edison Company and am authorized to make this verification on its behalf. I have read the foregoing **OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) AND SAN DIEGO GAS & ELECTRIC COMPANY (U-902-E) ON DECISION IMPLEMENTING PROVISIONS OF GOVERNOR'S PROCLAMATION OF A STATE OF EMERGENCY RELATED TO TREE MORTALITY AND SENATE BILL 840 RELATED TO THE BIOENERGY FEED-IN TARIFF IN THE RENEWABLES PORTFOLIO STANDARD PROGRAM**. I am informed and believe that the matters stated in the foregoing pleading are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this **17th day of October, 2016**, at Rosemead, California.

*/s/ Janos Kakuk*

\_\_\_\_\_  
By: Janos Kakuk

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