BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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RESPONSE OF THE CALIFORNIA CHOICE ENERGY AUTHORITY

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In accordance with Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the California Choice Energy Authority ("Choice Authority") submits this response to the application filed by Southern California Edison Company ("SCE") in the above-captioned docket ("ERRA Application"). Notice of the ERRA Application first appeared in the Commission's Daily Calendar on May 8, 2017. Therefore, in accordance with Rule 2.6(a), this response is timely filed.

I. INTRODUCTION AND SUMMARY

The Choice Authority is a California joint powers authority initially formed by the cities of Lancaster and San Jacinto, with expanding membership available to other cities interested in implementing Community Choice Aggregation ("CCA") programs using services provided by the Choice Authority. Currently, the cities of Lancaster, San Jacinto and Pico Rivera are members of the Choice Authority.

Under the hybrid model established by the Choice Authority, individual cities maintain the role of Community Choice Aggregators in the implementation of CCA programs, with the Choice Authority providing support services, including rate analysis, billing assistance, power procurement, utility relations and regulatory affairs. This hybrid model allows individual cities to ensure local control and governance, retaining key functions like ratemaking, community

outreach and marketing. As interest in CCA programs expands, the Choice Authority's hybrid model will undoubtedly be one of several models used to channel the creative energy of California's cities and counties in tackling challenging energy-related issues, while maintaining local control and engagement.

The Choice Authority is reviewing the ERRA Application in connection with support services it provides to participating members. The Choice Authority anticipates that these cities may also participate in this proceeding.

Rule 2.6(c) states that a party "may file a response that does not object to the authority sought in an application, but nevertheless presents information that the person tendering the response believes would be useful to the Commission in acting on the application." At this time, the Choice Authority does not object to the authority sought by SCE in the ERRA Application. That said, the Choice Authority is still reviewing the ERRA Application and may identify additional issues as the proceeding moves forward. As such, the Choice Authority reserves the right to address and object to issues that may arise.

II. RESPONSE

A. SCE Is To Be Commended For Providing Helpful And Required Rate Information

In past ERRA proceedings, SCE and Lancaster have held differing views regarding what amount of rate information is required as support for SCE's ERRA applications.[1] In last year's ERRA proceeding, SCE and Lancaster entered into a stipulation, which was approved as part of D.16-12-054, in which SCE agreed to provide, as part of its initial ERRA testimony and as part of its November Update, "estimated rate information, organized by class and functional rate

[1] *See, e.g.,* Decision ("D.")15-12-033 at 14-15.

component, showing the average rate applicable to each combination of class and functional rate component."[2] Moreover, as an outgrowth of efforts in the Power Charge Indifference Adjustment ("PCIA") working group, established by the Commission in D.16-09-044, SCE recently submitted a petition for modification in which SCE and other petitioners requested modification of D.06-07-030 to provide for a common workpapers requirement.[3] Specifically, in order to "improve the transparency of the calculation underlying the PCIA," the Joint PFM requests that the investor-owned utilities ("IOUs") be required, as part of their respective ERRA applications, to "use a common PCIA calculation workpaper template…"[4] An example of the template was provided as part of the Joint PFM.[5]

The Choice Authority commends SCE for its early adoption of the requirement in the Joint PFM,[6] and also for SCE's compliance with last year's stipulation. On first review, it appears that SCE has provided helpful rate information and supporting information for the calculation underlying the PCIA.

B. SCE Should Provide Additional CCA Load Forecast Information

As part of their respective ERRA applications, the IOUs are required to provide a forecast of departing load associated with expected CCA programs. The Commission previously directed the IOUs to use information from the California Energy Commission and other sources

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[2] D.16-12-054 at 19-20; Conclusion of Law 5. *See also id.* at 20; Ordering Paragraph 4.

[3] *See Joint Utilities' and Community Choice Aggregators' Joint Petition for Modification of D.06-07-030*, dated April 5, 2017, filed in Rulemaking ("R.")02-01-011 ("Joint PFM").

[4] *See* Joint PFM at 3 (proposing modifications to D.06-07-030, Finding of Fact 28).

[5] *See* Exhibit A to the Joint PFM.

[6] *See* Exhibit SCE-1 at 92; note 75.

to estimate "reasonable" levels of expected CCA departing load.[7] It does not appear that SCE has estimated "reasonable" levels of expected CCA departing load. Moreover, it appears that SCE's estimate of CCA departing load differs markedly from statements made elsewhere about SCE's expectations for load departure associated with CCA programs.

In its testimony, SCE provides a relatively bare-bones, retrospective view of CCA departing load.[8] SCE states that it has included departing load estimates for SCE's two ***operational*** CCA programs (Lancaster and the town of Apple Valley), but that SCE has not provided a departing load estimate for other ***expected*** CCA programs, even though "SCE anticipates that additional CCAs may begin operations in SCE's service territory in 2017 and 2018."[9] SCE states that it "will update its CCA forecast in the November ERRA update" to account for additional CCA programs.[10]

By not including reasonable levels of expected CCA departing load in its initial testimony, SCE is violating the Commission's previous directive in D.14-02-040 and compromising parties' rights, as this proceeding unfolds, to examine and address expected circumstances. Waiting until the November Update is unreasonable, unjustified and prejudicial. The Choice Authority believes it is reasonably likely that additional CCA programs will be operating in 2017 and 2018.[11] As part of its Scoping Memo in this proceeding, the Commission should direct SCE to update its ***initial*** testimony to include reasonable levels of expected CCA

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7 *See, e.g.,* D.14-02-040 at 16.

8 *See* Exhibit SCE-1 at 17.

9 Exhibit SCE-1 at 17.

10 *See* Exhibit SCE-1 at 17.

11 For example, the cities of Pico Rivera and San Jacinto have had their respective CCA implementation plans certified by the Commission's Energy Division and expect to launch in 2017.

departing load. Better yet, SCE should voluntarily agree to supplement its initial testimony to include reasonable levels of expected CCA departing load.

SCE's estimate of CCA load in its initial testimony also differs markedly from statements made by SCE in other forums. For example, on January 24, 2017 the IOUs began what would be a series of *ex parte* meetings with Commission offices to promote a methodology that the IOUs later filed with the Commission to replace the PCIA.[12] During these meetings, SCE stated that "[t]he timeframe from CCA exploration to implementation is shrinking and communities like the City of San Diego and Los Angeles County represent a significant share of their utilities' total load. In aggregate, potential load departure could be up to about 80 percent of total retail load."[13] Moreover, in support of its joint application, SCE pointed to "recently realized and expected increases in departing load in the ***immediate*** future from CCA…."[14] Importantly, the tone and sense of urgency in SCE's statements to Commission in connection with the IOU Methodology are significantly more heightened and emphatic than SCE's business as usual tone in the ERRA Application. To the extent SCE believes there will be immediate increases in CCA departing load, SCE should be required in this proceeding to describe its estimates and show the resulting impact on power procurement and rates. Conflicting and varying statements in this regard are not helpful.

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[12] *See Southern California Edison Company's Notice of Ex Parte Communication,* dated January 27, 2017, filed in A.16-05-001 ("Ex Parte Notice"). Top IOU executives also conducted *ex parte* meetings February 23, 2017 and March 13, 2017. In furtherance of these meetings, on April 25, 2017 the IOUs submitted an application seeking to replace with the current methodology with a so-called Portfolio Allocation Methodology ("IOU Methodology"). The IOU Methodology is being considered in A.17-04-018.

[13] Ex Parte Notice at 3.

[14] *See* Joint IOUs-01 at 15 (submitted in A.17-04-018).

C. SCE Should Voluntarily Provide Access To PCIA-Related Information, Subject To Appropriate Non-Disclosure Assurances

As part of its proposal to implement the IOU Methodology, SCE states that it is now willing to provide access to important data – data for which SCE has been previously unwilling to provide access. Specifically, SCE states that it is now willing to provide "contract level information" and that SCE recognizes the need of Community Choice Aggregators to have access to contract information.[15] SCE claims that "[the IOU Methodology] will also be more transparent, so that [Community Choice Aggregators] and their customers can thoroughly review the costs and benefits that are allocated as part of each vintaged portfolio."[16] In light of this, SCE commits to work with Community Choice Aggregators to put in place a process, in conjunction with the IOU Methodology, to provide access to additional data – access that balances necessary transparency and planning certainty with confidentiality and market integrity rules.[17]

In the past, Community Choice Aggregators have been unable to fully review the PCIA calculation because the calculation relies on confidential information. The Commission has acknowledged this limitation. Recognizing that greater transparency is needed, the Commission specifically stating that the PCIA working group should focus "on the issues of improved transparency and certainty related to PCIA."[18] As part of the PCIA working group process, the

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15 *See* Joint IOUs-01 at 45 (referring to the need of Community Choice Aggregators to review contract information in the context of the IOU Methodology).

16 Joint IOUs-01 at 6.

17 *See* Joint IOUs-01 at 45.

18 D.16-09-044 at 20.

CCA parties advanced a proposal to remove data access restrictions for certain employees of Community Choice Aggregators, subject to various non-disclosure provisions.[19]

The Choice Authority appreciates SCE's recognition that certain contract level information is necessary in order for Community Choice Aggregators to assess future impacts associated with the PCIA. To carry out this review, the Choice Authority asks SCE to confirm its commitment to provide contract level information to employees of Community Choice Aggregators, subject to any necessary non-disclosure requirements.

III. PROCEDURAL MATTERS

Pursuant to Rule 2.6(d), the Choice Authority provides the following procedural comments:

A. Proposed Category

The instant proceeding is appropriately categorized at "ratesetting."

B. Need for Hearing

The Choice Authority believes that evidentiary hearings may be necessary.

C. Issues to be Considered

The Choice Authority is still evaluating the ERRA Application and issues associated with SCE's request, and therefore the Choice Authority reserves the right to identify additional issues that should be addressed in this proceeding. The issues identified in this response are an initial, non-exhaustive list of issues that the Commission should address in this proceeding.

D. Proposed Schedule

The Choice Authority has no comments on the proceeding's schedule at this time.

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[19] *See Final Report of the PCIA Working Group,* submitted on April 5, 2017 in A.14-05-024, at 28.

IV. PARTY STATUS

Pursuant to Rule 1.4(a)(2), the Choice Authority requests party status in this proceeding. As described herein, the Choice Authority has a material interest in the matters being addressed in this proceeding. The Choice Authority designates the following person as the "interested party" in this proceeding:

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V. CONCLUSION

The Choice Authority thanks Commissioner Guzman-Aceves and Assigned Administrative Law Judge Miles for their thoughtful consideration of this response and the issues described herein.

Dated: June 7, 2017

Respectfully submitted,

/s/ Scott Blaising

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