

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking to Consider
Smart Grid Technologies Pursuant to
Federal Legislation and on the
Commission's own Motion to Actively
Guide Policy in California's
Development of a Smart Grid System.

Rulemaking 08-12-009
(Filed December 18, 2008)

**CARE's comments on the Assigned Commissioner and ALJ's Joint Ruling
inviting comments on Proposed Policies and Findings Pertaining to the Smart
Grid Policies established by the Energy Information And Security Act of 2007**

Pursuant to the Assigned Commissioner and Administrative Law Judge's
Joint Ruling inviting comments on Proposed Policies and Findings Pertaining to
the Smart Grid Policies established by the Energy Information and Security Act
of 2007 CALifornians for Renewable Energy, Inc. ("CARE") hereby files the
following opening comments.

Introduction

Under the State's current electric generation and transmission system a
mythical fire wall has been erected between generation and transmission
planning and oversight. Transmission planning and oversight is then further
Balkanized in to separate fiefdoms called ISO, State regulatory authority (CPUC),
unregulated publicly owned utilities (POUs), State regulated investor owned
utilities (IOUs), and wholesale energy service providers regulated solely by the
FERC, i.e., load serving entities (LSEs). Under this oligarchic planning and

oversight structure customers are relegated to serfdom (i.e., Universal Ratepayer Suffrage for voting rights in the markets' governance, limiting the ability for customers to participate in and derive benefits from demand response programs, energy efficiency programs, and the proposed Smart Grid programs).

1. Whether to require a consideration of Smart Grid investments before making any new investment in the grid;

CARE disagrees with the rulings finding “to decline to adopt the proposed EISA requirement that a utility demonstrate that it considered Smart Grid investments before making any new investments in the grid.” Specifically the Commission failed to demonstrate that “imposing such a requirement on California utilities is inconsistent with the purposes of the act, which seek to optimize the efficient use of facilities and resources by electric utilities and lead to equitable rates to electric consumers”.

CARE contends it is precisely because projects will provide for cost reductions due to tax benefits to the utility under the American Recovery and Reinvestment Act of 2009 that these benefits must be considered before embarking on costly transmission projects like the Southern California Edison’s proposed 1.72 billion dollar (so-called) Tehachapi Renewable Transmission Project.¹ Any cost reductions due to ARRA would therefore “serve the public interest.” CARE believes raising “grid replacements, such as a pole replacement

¹ See <http://docs.cpuc.ca.gov/published/proceedings/A0706031.htm>

or grid extension, are routine matters and tasks that utilities must perform” as a straw man is inappropriate because there is no such requirement to make a consideration of a “Smart Grid” technology a prerequisite for all actions by the utility in the first instance.

2. Whether to adopt a special ratemaking treatment for Smart Grid investments; and

The ruling finds:

“We see no significant difference between the Commission traditional ratemaking procedures, which offer IOUs a reasonable return on investments made to provide service to ratepayers, and the proposed requirement that would adopt as a regulatory standard “authorizing each electric utility of the State to recover from ratepayers any capital, operating expenditure, or other costs of the electric utility relating to the deployment of a qualified smart grid system ...”¹

We therefore see no need for the Commission to adopt this provision for Smart Grid investments because this reasonable ratemaking treatment already applies to all utility investments, including those related to the Smart Grid.”

CARE agrees with the Commission that ARRA cost benefits should be subject to the Commission’s traditional ratemaking.

3. Whether the Commission should adopt a policy authorizing a utility to recover the remaining book value of equipment made obsolete by Smart Grid investments.

CARE disagrees that there is a sufficient record developed so far, to demonstrate “that it is more consistent with the purposes of PURPA to defer

consideration of specific rate treatment for obsolete equipment to general rate cases or applications that address Smart Grid investments.” CARE contends it is precisely because the American Recovery and Reinvestment Act of 2009 allows a utility “to recover the remaining book value of equipment made obsolete by Smart Grid investments” that these benefits must be considered too. Again, any cost reductions due to ARRA would therefore “serve the public interest.”

4. Whether to require utilities to provide customers with access in written and/or electronic form to information concerning

(i) Prices.

(ii) Usage.

(iii) Daily updates of prices with details on hourly basis and day ahead projections to the extent available.

(iv) Sources - annually with written information on the sources of the power provided by the utility, to the extent it can be determined, by type of generation, including greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis.

CARE disagrees with the ruling that the “Commission decline to adopt the proposed requirement that a utility provide certain information to customers regarding prices, usage, intervals and projections and sources” and further disagrees that there exists a factual basis to support that “[f]or SCE, PG&E and SDG&E, we find that prior Commission actions on implementing information disclosure policies in the context of the utilities’ advanced metering initiatives constitute a ‘prior state action’ pursuant to 16 U.S.C. § 1621(d), and make further action unnecessary to fulfill EISA requirements.”

The federal law is clear that Customers are entitled by law now to have access to “time-based electricity prices in the wholesale electricity market; and time-based electricity retail prices or rates that are available to the purchasers”. As CARE explained in its introduction that in the State’s current electric generation and transmission system a mythical fire wall has been erected between generation and transmission planning and oversight. This firewall is demonstrated by the failure to provide customers both wholesale and retail price information. Such information would directly benefit both customer generators energy efficiency and demand response by allowing them to minimize their native load demand usage during periods of peak demand when the wholesale price is greatest. This information is the key to the success of customers participating in and deriving benefits from customer generation, demand response programs, energy efficiency programs, and to determine eligibility under ARRA for the proposed Smart Grid programs proposed by the utilities.

5. Whether to impose a requirement on utilities to provide purchasers of electric power with access to their own information at any time through the Internet and on other means of communication elected by that utility for Smart Grid applications and whether to provide to other interested persons access to information on electricity use and prices not specific to any purchaser through the Internet. Whether information specific to any purchaser should be provided solely to that purchaser.

CARE disagrees with the Commission ruling that it should “decline to adopt the EISA standard that requires an IOU to provide customers of an IOU with access to usage information” for the reasons as stated above. We support

the ruling not to “provide other interested persons with access to certain information but [to] restrict the provision of customer-specific information to that customer.” CARE agrees “[i]nformation specific to any purchaser should be provided solely to that purchaser.”

Respectfully submitted,



Michael E. Boyd President (CARE)
CALifornians for Renewable Energy, Inc.
Phone: (408) 891-9677
E-mail: michaelboyd@sbcglobal.net
5439 Soquel Drive
Soquel, CA 95073

October 26, 2009

Verification

I am an officer of the Intervening Corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except matters, which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed on October 26, 2009, at San Francisco, California.



Lynne Brown Vice-President
CALifornians for Renewable
Energy, Inc. (CARE)

Certificate of copy sent electronically

To reduce the burden of service in this proceeding, the Commission will allow the use of electronic service, to the extent possible using the electronic service protocols provided in this proceeding. All individuals on the service list should provide electronic mail addresses. The Commission and other parties will assume a party consents to electronic service unless the party indicates otherwise.

I hereby certify that I have this day served the foregoing document "*CARE's comments on the Assigned Commissioner and ALJ's Joint Ruling inviting comments on Proposed Policies and Findings Pertaining to the Smart Grid Policies established by the Energy Information And Security Act of 2007*" in Rulemaking 08-12-009. Each person designated on the official service list, has been provided a copy via e-mail, to all persons on the attached service list on October 26, 2009, for the proceedings, R.08-12-009.



Lynne Brown Vice-President
CALifornians for Renewable Energy, Inc.
(CARE)
24 Harbor Road
San Francisco, CA 94124
Phone: (415) 285-4628
E-mail: l_brown369@yahoo.com

R.08-12-009 Service List

npedersen@hanmor.com
slins@ci.glendale.ca.us
douglass@energyattorney.com
ffletcher@ci.burbank.ca.us
kris.vyas@sce.com
atrial@sempra.com
lburdick@higgslaw.com
liddell@energyattorney.com
ctoca@utility-savings.com
bobsmithtl@gmail.com
tam.hunt@gmail.com
mtierney-lloyd@enernoc.com
mdjoseph@adamsbroadwell.com
margarita.gutierrez@sfgov.org
lms@cpuc.ca.gov
fsmith@sflower.org
srovetti@sflower.org
tburke@sflower.org
lettenson@nrdc.org
marcel@turn.org
mkurtovich@chevron.com
SSchedler@foe.org
cjh5@pge.com
mterrell@google.com
nes@a-klaw.com
pcasciato@sbcglobal.net
steven@sfpower.org
mday@goodinmacbride.com
ssmyers@worldnet.att.net
lex@consumercal.org
farrokh.albuyeh@oati.net
wbooth@booth-law.com
gmorris@emf.net
kerry.hattevik@nrgenergy.com
seboyd@tid.org
martinhomec@gmail.com
dzlotlow@caiso.com
dennis@ddecuir.com
scott.tomashefsky@ncpa.com
dcarroll@downeybrand.com
jhawley@technet.org
cbk@eslawfirm.com
jordan.white@pacificcorp.com
jlin@strategen.com
john.quealy@canaccordadams.com
mark.sigal@canaccordadams.com
barbalex@ctel.net
crjohnson@lge.com
julien.dumoulin-smith@ubs.com
jay.birnbaum@currentgroup.com
bboyd@aclaratech.com
gstaples@mendotagroup.net
bob.rowe@northwestern.com
monica.merino@comed.com

sthiel@us.ibm.com
ed.may@itron.com
cameron@tolerableplanet.com
leilani.johnson@ladwp.com
dschneider@lumesource.com
david@nemtzw.com
cjuennen@ci.glendale.us
fhall@solarelectricsolutions.com
mark.s.martinez@sce.com
case.admin@sce.com
michael.backstrom@sce.com
nquan@gswater.com
Jcox@fce.com
esther.northrup@cox.com
kfoley@sempra.com
kmkiener@cox.net
ygross@sempra.com
rwinthrop@pilotpowergroup.com
CentralFiles@semprautilities.com
tcahill@semprautilities.com
cmanson@semprautilities.com
jerry@enernex.com
traceydrabant@bves.com
peter.pearson@bves.com
dkolk@compenergy.com
ek@a-klaw.com
jellis@resero.com
rboland@e-radioinc.com
sue.mara@rtoadvisors.com
juan.otero@trilliantinc.com
mozhi.habibi@ventyx.com
famararz@ieee.org
diane.fellman@nexteraenergy.com
elaine.duncan@verizon.com
mandywallace@gmail.com
norman.furuta@navy.mil
achang@nrdc.org
kgrenfell@nrdc.org
mcarboy@signalhill.com
nsuetake@turn.org
bfinkelstein@turn.org
andrew_meiman@newcomb.cc
ay15@pge.com
DNG6@pge.com
fsc2@pge.com
filings@a-klaw.com
Kcj5@pge.com
rcounihan@enernoc.com
stephen.j.callahan@us.ibm.com
tmfry@nexant.com
bcragg@goodinmacbride.com
bdille@jmpsecurities.com
cassandra.sweet@dowjones.com
jas@cpdb.com
mgo@goodinmacbride.com

nml@cpdb.com
SDHilton@stoel.com
cem@newsdata.com
lisa_weinzimer@platts.com
prp1@pge.com
achuang@epri.com
caryn.lai@bingham.com
epetrill@epri.com
ali.ipakchi@oati.com
chris@emeter.com
sharon@emeter.com
jennifer.chamberlin@directenergy.com
Service@spurr.org
ralf1241a@cs.com
sean.beatty@mirant.com
john_gutierrez@cable.comcast.com
t_lewis@pacbell.net
ewoychik@comverge.com
Valerie.Richardson@us.kema.com
nellie.tong@us.kema.com
Douglas.Garrett@cox.com
rstuart@brightsourceenergy.com
cpucdockets@keyesandfox.com
dmarcus2@sbcglobal.net
rschmidt@bartlewells.com
kco@kingstoncole.com
philm@scdenergy.com
j_peterson@ourhomespaces.com
rquattrini@energyconnectinc.com
joe.weiss@realttimeacs.com
michaelboyd@sbcglobal.net
bmcc@mccarthyaw.com
sberlin@mccarthyaw.com
mnelson@mccarthyaw.com
mary.tucker@sanjoseca.gov
tomk@mid.org
joyw@mid.org
brbarkovich@earthlink.net
gayatri@jbsenergy.com
dgrandy@caonsitegen.com
demorse@omsoft.com
martinhomec@gmail.com
e-recipient@caiso.com
jgoodin@caiso.com
wamer@kirkwood.com
brian.theaker@dynegy.com
tpomales@arb.ca.gov
bgorban@treasurer.ca.gov
danielle@ceert.org
dave@ppallc.com
jmcfarland@treasurer.ca.gov
shears@ceert.org

kellie.smith@sen.ca.gov
lkelly@energy.state.ca.us
mgarcia@arb.ca.gov
steven@lipmanconsulting.com
lmh@eslawfirm.com
abb@eslawfirm.com
bsb@eslawfirm.com
glw@eslawfirm.com
jjg@eslawfirm.com
jparks@smud.org
ljimene@smud.org
ttutt@smud.org
vzavatt@smud.org
vwood@smud.org
dan.mooy@ventyx.com
kmills@cfbf.com
roger147@aol.com
michael.jung@silverspringnet.com
wmc@a-klaw.com
bschuman@pacific-crest.com
sharon.noell@pgn.com
californiadockets@pacificcorp.com
ag2@cpuc.ca.gov
agc@cpuc.ca.gov
am1@cpuc.ca.gov
crv@cpuc.ca.gov
df1@cpuc.ca.gov
dbp@cpuc.ca.gov
trh@cpuc.ca.gov
fxg@cpuc.ca.gov
gtd@cpuc.ca.gov
jw2@cpuc.ca.gov
jym@cpuc.ca.gov
jdr@cpuc.ca.gov
jmh@cpuc.ca.gov
kar@cpuc.ca.gov
kd1@cpuc.ca.gov
lau@cpuc.ca.gov
zaf@cpuc.ca.gov
mjd@cpuc.ca.gov
mts@cpuc.ca.gov
mc3@cpuc.ca.gov
wtr@cpuc.ca.gov
rhh@cpuc.ca.gov
srt@cpuc.ca.gov
scl@cpuc.ca.gov
scr@cpuc.ca.gov
tjs@cpuc.ca.gov
vjb@cpuc.ca.gov
BLee@energy.state.ca.us
ab2@cpuc.ca.gov