

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



FILED

01-12-11

04:59 PM

Application of Pacific Gas and Electric
Company To Revise Its Electric Marginal
Costs, Revenue Allocation, and Rate Design,
to Revise its Customer Bills, and to Seek
Recovery of Incremental Expenditures.

Application No. 10-03-014

U 39 M

**NOTICE OF EX PARTY COMMUNICATION
BY THE MARIN ENERGY AUTHORITY**

Elizabeth Rasmussen
Project Manager
MARIN ENERGY AUTHORITY
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Telephone: (415) 464-6022
Facsimile: (415) 459-8095
E-Mail: erasmussen@marinenergyauthority.org

January 12, 2011

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

Application of Pacific Gas and Electric Company To Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design, to Revise its Customer Bills, and to Seek Recovery of Incremental Expenditures.

Application No. 10-03-014

U 39 M

**NOTICE OF EX PARTY COMMUNICATION
BY THE MARIN ENERGY AUTHORITY**

Pursuant to Rule 8.3 of the Commission's Rules of Practice and Procedure, the Marin Energy Authority (MEA) respectfully files this notice of ex parte communications. This notice reports on two ex parte meetings held on Friday, January 7, 2011, one held at 10:30 a.m. with Scott Murtishaw, advisor to Commissioner Peevey, and one held at 11:00 a.m. with Andy Campbell, advisor to Commissioner Ryan, at the CPUC's offices at 505 Van Ness Avenue, in San Francisco, CA. Each meeting lasted approximately thirty minutes, involved a brief presentation (included as Attachment A) by MEA and related discussion. Each meeting was scheduled at the request of MEA. Each meeting was attended by Dawn Weisz, Interim Director of MEA, John Dalessi, of Dalessi Management Consulting, consultant to MEA, and Kirby Dusel, of Paradigm Energy Consulting, consultant to MEA.

In this meeting, the attendees gave background information about MEA and Marin Clean Energy (MCE), the community choice aggregation (CCA) program run by MEA. The attendees then explained the Conservation Incentive Adjustment proposal set forth by Pacific Gas & Electric Company (PG&E) and explained the impacts on MCE and its customers as well as related policy-based considerations.

MEA requested that the proposed Conservation Incentive Adjustment be rejected, or alternatively that MEA be exempted from the Conservation Incentive Adjustment. Subsequent to the meeting, Dawn Weisz sent an email to Mr. Murtishaw, a copy of which is also included herewith as Attachment B.

Respectfully submitted,

/s/

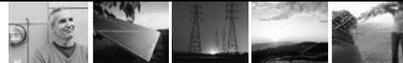
Elizabeth Rasmussen
Project Manager
MARIN ENERGY AUTHORITY
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Telephone: (415) 464-6022
Facsimile: (415) 459-8095
E-Mail: erasmussen@marinenergyauthority.org

January 12, 2011

Attachment A
Presentation Slides



About MEA



- **Marin Energy Authority (MEA)**
 - Charter objectives:
 - Increased renewable energy utilization
 - GHG emissions reductions
 - Long-term goal: 100% renewable supply portfolio
 - Currently serving approximately 8,500 customers:
 - Nearly 30% RPS-eligible energy supply
 - Over 75% of supply portfolio is carbon free
 - Planned expansion to nearly 70,000 prospective customers.

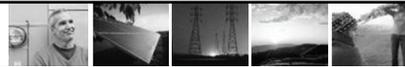
MCE Products & Programs



- Service Options
 - Light Green (default) provides nearly 30% renewable energy content
 - Deep Green (option) provides 100% renewable energy content
- MCE Programs
 - NEM: Best-in-class program provides significant customer incentives for distributed generation
 - FIT: Recently launched program provides local RE development incentives
 - Two landfill gas-to-energy projects recently signed with deliveries expected in 2011

3

Issues Related to PG&E's GRC



- MEA's testimony demonstrates that PG&E's proposal to establish a new "Conservation Incentive Adjustment" surcharge is:
 - Discriminatory and prejudicial towards MEA's current and future residential customers
 - Unnecessary, as it does nothing to promote conservation or other environmental benefits
 - Anti-competitive as it represents an attempt to commandeer a critical rate setting tool of CCAs
 - Unsupported by any publicly-available cost-based analysis

4

Impacts to MCE Customers



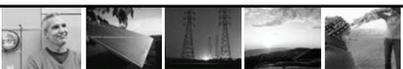
- If implemented, PG&E's CIA proposal would impose significant economic impacts on MCE's current residential customers.

Customer Usage (KWh/Month)	Currently Effective MCE Generation Charges (\$ Per Month)	CIA Surcharge (\$ Per Month)	Total CCA Customer Gen Charges (Gen + CIA) (\$ Per Month)	Bill Impact* (% increase in gen charges)
750	\$85.26	\$27.25	\$112.51	32%
1,000	\$145.47	\$54.43	\$199.90	37%
1,500	\$271.06	\$108.81	\$379.86	40%

***PG&E's own analysis has confirmed an average 25% cost increase to current customers of the MCE program.**



Impacts to MCE Customers



- Economic impacts to MCE customers are disproportionate and unreasonable:
 - Average 25% cost increase to MCE's current customers is clearly discriminatory and prejudicial, as no other community or group of communities will experience similar cost increases
 - Even at full roll-out of MCE, PG&E's own analysis identifies an average cost increase of 6% for all prospective residential customers of MCE
- Cost increases of this magnitude would likely promote significant levels of customer opt-outs from the MCE program.
- Significant opt-outs could jeopardize the program's financial viability.



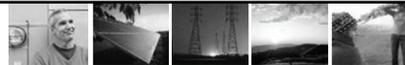
CIA Surcharge is Unnecessary



- The CIA harms competition and does nothing to promote conservation:
 - MEA's existing five-tier rate structure provides stronger conservation incentives than PG&E's
 - SCE has testified that residential energy use would actually increase as a result of PG&E's proposed rate structure
 - PG&E's proposal represents an attempt to commandeer a key policy aspect of rate design: the CCA's ability to provide generation conservation signals, which is necessary to promote the achievement of important policy goals and objectives

7

Why is MCE Important?



- Currently surpassing statewide RPS targets by nearly 50%
- Energy supply portfolio contributes to the achievement of California's AB 32 goals
- Board is committed to advancing renewable procurement and reducing GHG emissions
- Rate structure supports energy conservation and promotes distributed generation development
- Leading NEM program; planned development of EE, Solar Cooperative, demand response, other innovative programs
- Viable competitive generation service alternative, which exemplifies successful AB 117 implementation

8

MEA Recommendations

- Commission should reject PG&E's anti-competitive and discriminatory Conservation Incentive Adjustment (CIA) Proposal.
- Alternatively, the Commission might consider exempting MCE and other CCAs from the CIA, similar to the TRAC exemption provided to existing residential DA customers w/in SDG&E's service territory.

9

Questions?



www.MarinCleanEnergy.com



10

Attachment B
Weisz Email to Murtishaw

Inquiry Re: Prospective Delay in CIA Implementation
Dawn Weisz [dweisz@marinenergyauthority.org]
Sent: Tue 1/11/2011 8:59 AM
To: sgm@cpuc.ca.gov

Scott,

Thank you for taking the time to meet with the Marin Energy Authority last Friday, January 7th, to discuss the many adverse impacts that would be imposed on customers of our CCA program in the event of CIA implementation. As you may recall, we discussed the fact that the implementation of a CIA surcharge would represent a sweeping mid-stream change for MEA and its customers, a change which deviates substantially from any assumption considered by MEA during the evaluation of program economics and/or customer rate setting. While MEA continues to urge the Commission to reject this unnecessary structural change in residential electric rates and has submitted compelling testimony supporting this recommendation, we also want to be responsive to your specific inquiry regarding MEA's suggested implementation timeline for this proposal, should the Commission determine to approve it.

After internal discussion with staff and counsel, MEA would recommend that the Commission specify a three-year schedule for CIA implementation in the unfortunate event that this surcharge is approved. A three-year implementation schedule would allow MEA sufficient lead time to: 1) fully roll-out the MCE program, consistent with statutory requirements, over the next 12-24 months – a schedule of this length would allow a certain amount of flexibility to MEA in completing necessary analytical, procurement and communication/marketing activities, including the distribution of requisite customer notifications, to accommodate program expansion; and 2) allow sufficient time following full MCE roll-out to evaluate program operations, cash flows, future rate structures (to accommodate eminent changes related to CIA implementation) and complete necessary customer communications required to advise these residents and businesses regarding impending changes related to the CIA.

While we continue to support issuance of a future Commission decision to reject this element of PG&E's proposal, MEA believes that its alternative recommendation is reasonable, would accommodate MEA's implementation timeline and likely other CCA programs in advanced stages of development, and would not unduly delay a structural change of this magnitude. Thank you for your inquiry, Scott. Should you have any questions regarding this recommendation, or if you would like to further discuss the information presented herein, please feel free to contact me at your convenience.

Thanks very much,
Dawn



Dawn Weisz
Interim Director
Marin Energy Authority
781 Lincoln Ave., Suite 320
San Rafael, CA 94901
415-464-6020
MarinCleanEnergy.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of *Notice of Ex Party Communication by the Marin Energy Authority* on all parties of record in proceedings *A.10-03-014* by serving an electronic copy on their email addresses of record and by mailing a properly addressed copy by first-class mail with postage prepaid to each party for whom an email address is not available.

Executed on January 12, 2010, at Woodland Hills, California.

A handwritten signature in cursive script, reading "Michelle Dangett". The signature is written in black ink and is positioned above a horizontal line.

Michelle Dangett

SERVICE LIST – A.10-03-014

andykatz@sonic.net
atrowbridge@daycartermurphy.com
bfinkelstein@turn.org
blaising@braunlegal.com
brbarkovich@earthlink.net
bruce.reed@sce.com
bsl@cpuc.ca.gov
case.admin@sce.com
ccollins@co.kern.ca.us
cem@newsdata.com
chris@emeter.com
cmkehrein@ems-ca.com
cpuccases@pge.com
crv@cpuc.ca.gov
ctd@cpuc.ca.gov
cyc@cpuc.ca.gov
dbp@cpuc.ca.gov
dbyers@landuselaw.com
dgeis@dolphingroup.org
dlf@cpuc.ca.gov
douglass@energyattorney.com
dwtcpucdockets@dwt.com
ed.mainland@sierraclub.org
edwardoneill@dwt.com
ell5@pge.com
enriqueg@greenlining.org
epoole@adplaw.com
erasmussen@marinenergyauthority.org
ethans@sunrunhome.com
filings@a-klaw.com
fvr@cpuc.ca.gov
glsg@pge.com

glsg@pge.com
gwen@votesolar.org
j4lr@pge.com
jarmstrong@goodinmacbride.com
jeffgray@dwt.com
jim.metropulos@sierraclub.org
jimross@r-c-s-inc.com
judypau@dwt.com
jw2@cpuc.ca.gov
jwiedman@keyesandfox.com
keith.mccrea@sutherland.com
kenneth.swain@navigantconsulting.com
kerntax@kerntaxpayers.org
kfox@keyesandfox.com
khojasteh.davoodi@navy.mil
kjsimonsen@ems-ca.com
kkm@cpuc.ca.gov
kmills@cfbf.com
kmsn@pge.com
larry.r.allen@navy.mil
ldri@pge.com
liddell@energyattorney.com
lmh@eslawfirm.com
lmi@cpuc.ca.gov
lwt@cpuc.ca.gov
mang@turn.org
matthew@turn.org
mbrubaker@consultbai.com
mmg@cpuc.ca.gov
mrw@mrwassoc.com
nao@cpuc.ca.gov
nb2@cpuc.ca.gov

nes@a-klaw.com
norman.furuta@navy.mil
pk@utilitycostmanagement.com
pucservice@dralegal.org
pucservice@dralegal.org
regclfp@gmail.com
regrelcpuccases@pge.com
rhd@cpuc.ca.gov
rjl9@pge.com
rl4@cpuc.ca.gov
rmccann@umich.edu
rschmidt@bartlewells.com
salleyoo@dwt.com
samk@greenlining.org
sara@solaralliance.org
saw0@pge.com
scr@cpuc.ca.gov
sgm@cpuc.ca.gov
steven@moss.net
sue.mara@rtoadvisors.com
tcr@cpuc.ca.gov
tculley@keyesandfox.com
tculley@keyesandfox.com
theresa.mueller@sfgov.org
thomas.long@sfgov.org
tomb@crossborderenergy.com
trp@cpuc.ca.gov
vidhyaprabhakaran@dwt.com
wbooth@booth-law.com
wem@igc.org
wendy@econinsights.com