BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

FILED
07-05-11
04:19 PM

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2012 Energy Resource Recovery Account (ERRA) and 2012 Generation Non-Bypassable Charges Forecasts. (U 39 E)	A.11-06-004 (Filed June 1, 2011)

PROTEST OF THE ALLIANCE FOR RETAIL ENERGY MARKETS AND DIRECT ACCESS CUSTOMER COALITION

Daniel W. Douglass
DOUGLASS & LIDDELL
21700 Oxnard Street, Suite 1030
Woodland Hills, California 91367
Telephone: (818) 961-3001
Facsimile: (818) 961-3004
douglass@energyattorney.com

Attorneys for the
ALLIANCE FOR RETAIL ENERGY MARKETS
DIRECT ACCESS CUSTOMER COALITION

July 5, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2012 Energy Resource Recovery Account (ERRA) and 2012 Generation Non-Bypassable Charges Forecasts. (U 39 E)	A.11-06-004 (Filed June 1, 2011)

PROTEST OF THE ALLIANCE FOR RETAIL ENERGY MARKETS
AND DIRECT ACCESS CUSTOMER COALITION

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, the Alliance for Retail Energy Markets ("AReM")[1] and the Direct Access Customer Coalition ("DACC")[2] submit this joint protest to the Application of Pacific Gas & Electric Company ("PG&E") filed on June 1, 2011, in the above-captioned docket ("Application") and noticed in the Commission's Daily Calendar on June 3, 2011. Therefore, this protest is timely filed.

AREM and DACC's primary interest in the proceeding is the calculation and rate treatment of costs that are charged to Direct Access ("DA") customers. In past ERRA proceedings, this has been limited to the Power Charge Indifference Amount ("PCIA") and the Competition Transition Charge ("CTC"). While these two rate elements are still of interest and concern to DA interests, PG&E has also introduced two additional non-bypassable rate elements: the rate associated with the Cost Allocation Methodology ("CAM") revenue requirement and the

[1] AReM is a California mutual benefit corporation formed by Electric Service Providers ("ESPs") that are active in California's Direct Access retail electric supply market.

[2] DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

proposed bill credits associated with PG&E's auctioning of greenhouse Gas ("GHG") credits per the California Air Resources Board's cap and trade program.

However in this proceeding AReM and DACC concerns go beyond the correct calculation of these rate elements. Given that the PCIA, CTC and AB32 Credit depend upon unknown outcomes of ongoing proceedings, PG&E is generally proposing to reflect the final implementation of these new calculation methodologies either in supplemental testimony or in its November update. AReM, DACC and any other party subject to these non-bypassable rate elements must be afforded the time to reasonably review PG&E's showings on these rates. If the updates are reflected for the first time in the November update, a January 1, 2012 implementation date would not afford sufficient time and is therefore unrealistic.

I. Calculation of the PCIA and CTC Must Comport to the Outcome of R.07-05-025

In Track III of the DA Reopening Proceeding, Rulemaking 07-05-025, the Commission is currently considering revisions to the ways in which the CTC and PCIA are calculated. PG&E notes in its testimony that:

> As soon as a final decision is issued in Track III of Rulemaking 07-05-025, PG&E would submit supplemental testimony in this proceeding to give intervening parties adequate time to review PG&E's implementation of the final decision's directives on the Indifference/Benchmark calculation methodology and the resulting PCIA rates. (p.7-2)

AReM and DACC are concerned if PG&E were to have to wait until its November Update to include the new CTC and PCIA calculation methodologies, that they and other affected parties (e.g., CCAs) would not be afforded enough time to review PG&E's implementation. Historically, PG&E's November Update has been perfunctory, simply updating the numeric values appearing in the ERRA without changing to the calculations or underlying

policies. In fact, in 2010, the Proposed Decision was issued ***before*** the November update, so that the target implementation date of January 1, 2011 could be achieved.[3]

AReM, DACC and likely CCA parties will need sufficient time to review PG&E's PCIA and CTC updated filing and supporting workpapers, including time for discovery, to verify that PG&E has implemented the new PCIA and CTC calculation methodologies that are anticipated to come out of R.07-05-025. If the timing of a decision in R.07-05-025 necessitates PG&E waiting until its November Update to present its calculations, then the PG&E and Commission must set a realistic timeline that accommodates this need, which means that a January 1, 2011 implementation date cannot be met.

II. All CAM Rates Charged to DA Customers Must Be Verified

In Decision 10-12-035, the Commission adopted a settlement which established a non-bypassable charge that utilized the Cost Allocation Mechanism approved to recover the net capacity costs of combined heat and power ("CHP") resources. DA customers are required to pay this charge. As this is the first proceeding in which a CHP-related non-bypassable CAM charge is to be imposed on DA customers by PG&E, AReM and DACC must review PG&E's CAM calculations, including time for discovery, to verify that PG&E has implemented this new charge in a fair and equitable manner consistent with the enabling decisions.

[3] In A.10-05-022, a Proposed Decision was issued on November 2, 2019 while PG&E's November Update was issued November 5.

III. All GHG Auction Revenues Must Be Fair and Comport To Any Decisions In R.11-03-012

On May 11, 2011 PG&E, along with Southern California Edison Company ("SCE") and San Diego Gas & Electric filed a Joint Motion in R.11-03-012 requesting authority to use the forecast AB32 allowance revenues in the Utilities' 2012 ERRA forecast proceedings to directly reduce a distribution rates that all PG&E delivery customers pay, including those on DA.[4] This Joint Motion has yet to be ruled on. PG&E's June 1 ERRA Application includes placeholder analysis consistent with the May 11 Joint Motion, including a non-bypassable rate credit, dubbed the "AB32 Credit."[5]

While AReM and DACC appreciate PG&E keeping its ERRA application consistent with the Joint Motion, both believe that third-party review of the details of the proposal, if it is adopted in R.11-03-006, are needed. PG&E has requested the right to update its AB32 Credit in supplemental testimony "that may be filed prior to mid-September" or in its November Update. In either case, interested parties will need time to review the calculations and assumptions underlying the update. Particularly if the update occurs in November, then the PG&E and Commission must set a realistic timeline that accommodates this need, which means that a January 1, 2011 implementation date will not be reasonable.

IV. Request for Party Status

Pursuant to Rule 1.4 of the Commission's Rules, AReM and DACC request active party status in this proceeding. The interests of AReM and DACC are not represented by any party to

---

[4] R.11-03-006, Joint Motion of Pacific Gas and Electric Company (U 93 E), Southern California Edison Company (U 338 E), and San Diego Gas & Electric Company (U 902 E) For Interim Decision To Authorize Use of Greenhouse Gas Allowance Revenues for 2012 Electricity Rates. May 11, 2011.

[5] Testimony, page 9-9.

this proceeding, and their comments herein are directly relevant to the issues raised by the Application.

AReM and DACC thank the Commission for its attention to this joint protest.

Respectfully submitted,

Daniel W. Douglass
DOUGLASS & LIDDELL
21700 Oxnard Street, Suite 1030
Woodland Hills, California 91367
Telephone: (818) 961-3001
Facsimile: (818) 961-3004
douglass@energyattorney.com

Attorneys for the
ALLIANCE FOR RETAIL ENERGY MARKETS
DIRECT ACCESS CUSTOMER COALITION

July 5, 2011