



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

**FILED**  
02-10-10  
04:59 PM

In the Matter of the Application of SOUTHERN )  
CALIFORNIA EDISON COMPANY (U 338-E) )  
for Authority to Make Various Electric Rate )  
Design Changes. )  
\_\_\_\_\_ )

Application No. 09-12-24  
(Filed December 23, 2009)

**REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO PROTESTS**

JENNIFER TSAO SHIGEKAWA  
BRUCE A. REED  
SHARON YANG

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-6680  
Facsimile: (626) 302-3990  
E-mail: sharon.yang@sce.com

Dated: February 10, 2010

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

In the Matter of the Application of SOUTHERN )	Application No. 09-12-24
CALIFORNIA EDISON COMPANY (U 338-E) )	(Filed December 23, 2009)
for Authority to Make Various Electric Rate )	
Design Changes. )	
_____ )	

**REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO PROTESTS**

**I.**

**INTRODUCTION**

On December 23, 2009, Southern California Edison Company (“SCE”) filed its Rate Design Window Application (A.09-12-024), which contained the following two proposals:

1. Consistent with the guidance provided in Decision (D.) 08-07-045 and D.09-08-028, modify the capacity-related credits provided under SCE’s Critical Peak Pricing (“CPP”) and other Demand Response (“DR”) programs, such as the Base Interruptible Program (“BIP”), to appropriately limit the total credit provided to customers who participate in more than one program to avoid overpaying customers for their DR participation.

2. Modify the Residential and Small Commercial Rate Design Settlement Agreement approved by D.09-08-028 to defer the increase to Summer Discount Plan (“SDP”) credits that would otherwise occur in 2010. This modification is necessary due to the limits imposed by the Commission on SDP program participation in D.09-08-027 and due to anticipated changes to be made to the SDP program in 2011.

Two parties, the Division of Ratepayer Advocates (“DRA”) and the North America Power Partners (“NAPP”) filed timely protests to the SCE application and, per the Rate Case Plan schedule authorized in D.07-07-004, SCE is responding to these protests.<sup>1</sup>

## II.

### **SCE’S REPOSE TO PARTIES**

#### **A. SCE’s Response to NAPP’s Comments**

NAPP raises several issues in its comments. The primary issue is NAPP’s belief that SCE should have filed a modified CPP rate structure as a result of D.09-08-027. The second general issue is NAPP’s concern that the value SCE used to cap the capacity credit for customers who participate in both CPP and a capacity-based DR program should not establish a precedent and that it creates a disincentive for dual participation. SCE briefly addresses these issues below.

#### **1. SCE’s CPP Rate Structure is Consistent With California Public Utilities Commission (CPUC) Guidance**

NAPP “anticipated that in response to D.09-08-027, the decision deeming the utility CPP programs as energy programs, SCE would redesign its rate structure to remove the capacity rate component so that the CPP program incentives would be valued based on the value of energy resources.”<sup>2</sup> While D.09-08-027 stated that “Critical Peak Pricing has elements of both a capacity payment program and an energy payment program” and that, “[f]or the purpose of demand response dual participation rules in 2009-2011, we will consider Critical Peak Pricing to be an energy payment program. . . .”<sup>3</sup> no order requires SCE to restructure its CPP rate structure in the way NAPP suggests by adjusting or removing the on-peak capacity credit provided outside of CPP events and implementing even higher energy rates during CPP events.<sup>4</sup>

---

<sup>1</sup> The NAPP “protest” was characterized as comments.

<sup>2</sup> NAPP Comments, p. 2.

<sup>3</sup> D.09-08-027, p. 155.

<sup>4</sup> NAPP Comments, p.3.

In fact, in D.08-07-045, the CPUC provided the following specific CPP rate design guidance, that was not modified by D.09-08-027:

The critical peak price should represent the marginal cost of capacity used to meet the peak energy needs plus the marginal cost of energy during the critical peak period.<sup>5</sup>

In the Rate Design phase of its 2009 General Rate Case proceeding, SCE proposed CPP rates containing capacity offsets consistent with the guidance provided in D.08-07-045. The CPUC authorized these CPP rate structures in D.09-08-028. Because there is no subsequent order requiring a change to that rate structure, NAPP's expectation of a structural change to SCE's CPP rate is unfounded. In D.09-08-028, the CPUC simply required SCE to file rate proposals to avoid duplicate payments or negative demand charges for customers participating in CPP (now characterized as an energy program) and other capacity-based demand response programs such as the BIP.

In addition, NAPP's recommendation, that "if the Commission does not require SCE to modify the CPP rate to eliminate the capacity payments...an exception be made to the dual participation requirement such that customers in the CPP program be restricted from participation in a capacity program, such as the Base Interruptible Program (BIP), or the DRC," is not part of SCE's Application and modification of the dual participation rules adopted in D.09-08-027 is outside the scope of this proceeding.

## **2. NAPP's Position on Capped Credits Requires Clarification**

NAPP urges "the Commission to clarify that, if implemented, SCE's proposed cap, which in effect establishes a rate class-specific average capacity value, in no way sets a precedent." NAPP's concern is misplaced. The values used by SCE in constructing its proposed capacity rate caps were part of a negotiated settlement approved in D.09-08-028, and therefore do not establish a precedent.<sup>6</sup>

---

<sup>5</sup> See D.08-07-045, p. 61.

<sup>6</sup> See D.09-08-028, Appendix B.

Additionally, NAPP's argument that SCE's proposed capping mechanism creates "an artificial disincentive to participation"<sup>7</sup> is incorrect. By capping the capacity credits to their cost-based levels, SCE sends an appropriate price signal to participants. To the contrary, allowing dual-participation credits to accrue above the avoided cost value creates an artificially high incentive to participate.

**B. SCE's Reponse to DRA's Protest**

Like SCE, DRA is also concerned about the "dual DR participation" issue. As mentioned in its protest, DRA and SCE have discussed this issue and are in agreement that capping the combined sum of the BIP and CPP credits to the Otherwise Applicable Tariff capacity components may still be somewhat too high. However, because SCE has not performed the integrated program analysis necessary to precisely reduce the combined credits below the full capacity value, SCE's proposed cap simply represents the full capacity value that credit to the dual-participating customer should not be able to exceed. Capping at this level removes the majority of the overpayment in a way that can be supported and implemented in a timely manner.

---

<sup>7</sup> NAPP Comments, p. 5.

**III.**

**CONCLUSION**

The issues raised in the protests to this application are insufficient to delay a decision beyond the schedule prescribed in D.07-07-004. SCE looks forward to a speedy conclusion to this proceeding to allow for a June 1, 2010 implementation.

JENNIFER SHIGEKAWA  
BRUCE A. REED  
SHARON YANG

/s/ SHARON YANG

---

By: Sharon Yang

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-6680  
Facsimile: (626) 302-3990  
E-mail: sharon.yang@sce.com

Dated: February 10, 2010

**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of the REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338 E) TO PROTESTS on all parties identified on the attached service lists.

Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.

Executed this **10th day of February 2010**, at Rosemead, California.

/s/ ANDREA MORENO  
Andrea Moreno  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770



California Public  
Utilities Commission

CPUC Home

## CALIFORNIA PUBLIC UTILITIES COMMISSION

### Service Lists

**PROCEEDING: A0912024 - EDISON - FOR AUTHORI**  
**FILER: SOUTHERN CALIFORNIA EDISON COMPANY**  
**LIST NAME: LIST**  
**LAST CHANGED: FEBRUARY 9, 2010**

[DOWNLOAD THE COMMA-DELIMITED FILE](#)  
[ABOUT COMMA-DELIMITED FILES](#)

[Back to Service Lists Index](#)

### Parties

SHARON C. YANG  
 ATTORNEY  
 SOUTHERN CALIFORNIA EDISON COMPANY  
 2244 WALNUT GROVE AVENUE / PO BOX 800  
 ROSEMEAD, CA 91770  
 FOR: SOUTHERN CALIFORNIA EDISON COMPANY

GREGORY HEIDEN  
 CALIF PUBLIC UTILITIES COMMISSION  
 LEGAL DIVISION  
 ROOM 5039  
 505 VAN NESS AVENUE  
 SAN FRANCISCO, CA 94102-3214  
 FOR: DRA

### Information Only

CASE ADMINISTRATION  
 LAW DEPARTMENT  
 SOUTHERN CALIFORNIA EDISON COMPANY  
 2244 WALNUT GROVE AVE., ROOM 370  
 ROSEMEAD, CA 91770

PAUL KERKORIAN  
 UTILITY COST MANAGEMENT LLC  
 6475 N. PALM AVENUE, SUITE 105  
 FRESNO, CA 93704

KAREN TERRANOVA  
 ALCANTAR & KAHL, LLP  
 33 NEW MONTGOMERY STREET, SUITE 1850  
 SAN FRANCISCO, CA 94105

MARLO A. GO  
 GOODIN MACBRIDE SQUERI DAY & LAMPREY LLP  
 505 SANSOME STREET, SUITE 900  
 SAN FRANCISCO, CA 94111

CALIFORNIA ENERGY MARKETS  
 425 DIVISADERO ST. STE 303  
 SAN FRANCISCO, CA 94117-2242

SARA STECK MYERS  
 ATTORNEY AT LAW  
 122 28TH AVENUE  
 SAN FRANCISCO, CA 94121

MRW & ASSOCIATES, LLC  
 1814 FRANKLIN STREET, SUITE 720

REED V. SCHMIDT  
 BARTLE WELLS ASSOCIATES

OAKLAND, CA 94612

1889 ALCATRAZ AVENUE  
BERKELEY, CA 94703-2714  
FOR: CALIFORNIA CITY-COUNTY STREET  
LIGHT ASSOCIATION (CAL-SLA)

MELANIE GILLETTE  
SR MGR WESTERN REG. AFFAIRS  
ENERNOC, INC.  
115 HAZELMERE DRIVE  
FOLSOM, CA 95630

## State Service

---

KATHERINE MACDONALD  
CALIF PUBLIC UTILITIES COMMISSION  
DIVISION OF ADMINISTRATIVE LAW JUDGES  
ROOM 5103  
505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3214

---

[TOP OF PAGE](#)  
[BACK TO INDEX OF SERVICE LISTS](#)