



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA

FILED

05-08-08
04:59 PM

Application of Southern California Edison)
Company (U 338-E) for Authority to Implement)
and Recover in Rates the Cost of its Proposed)
Solar Photovoltaic (PV) Program.)

Application No. 08-03-015

(Filed March 27, 2008)

**REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO
RESPONSES OR PROTESTS OF DRA, TURN, IEP, CAL SEIA, CCENERGY, JOINT
SOLAR PARTIES, RECURRENT ENERGY, AND A-1 SUN, INC.**

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Dated: **May 8, 2008**

REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO RESPONSES OR PROTESTS OF DRA, TURN, IEP, CAL SEIA, CC ENERGY, JOINT SOLAR PARTIES, RECURRENT ENERGY, AND A-1 SUN, INC.

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- SCE is seeking to expand the southern California market for solar PV, not monopolize or eliminate it.
- The weighted average cost of the Solar PV Program is about half the value asserted by IEP after adjusting for time of delivery.
- SCE opposes development of a Requests for Offers (RFO) or a feed-in tariff for solar PV, as contemplated by IEP and Joint Solar Parties, in this docket or any other more appropriate forum.
- Public Utilities Code Section 2775.5 does not apply to the Solar PV Program which would be a utility-owned solar PV project.
- The Commission should not modify SCE’s proposed schedule so that SCE can continue to ramp up the program during Commission review.
- In Advice Letter 2226-E, SCE is requesting a memorandum account in which to record costs, not a balancing account for assured rate recovery.

As a result, the Commission should move forward expeditiously with review of SCE’s Solar PV Program, and establish a memorandum account for Solar PV Program costs incurred pending a Commission decision on this application.

II.

CONTRARY TO TURN AND IEP’S ASSERTIONS, THE PURPOSE OF THE SOLAR PV PROGRAM IS TO ASSIST IN MEETING THE STATE’S “MILLION SOLAR ROOFS” GOAL AT A REDUCED COST FOR RATEPAYERS

TURN and IEP assert that the Commission should review SCE’s Proposed Solar PV Program utilizing the same standards established for the Renewable Portfolio Standard (RPS) solicitations.¹ This demonstrates a fundamental misunderstanding of the purpose of SCE’s

¹ TURN’s Response, p. 3; IEP’s Response, pp. 2-3.

application. As SCE states in Exhibit SCE-1 the Solar PV Program aims to bridge the solar gap between CSI and RPS solar projects:

“[This program is] targeted at the vast untapped resources of commercial and industrial rooftop space in SCE’s service territory. It will aggressively bridge the gap between small and large scale solar installations. It will also use rooftop space from entities that would not otherwise be typical candidates for the net energy metering tariff.”²

SCE proposes to develop this untapped resource at an average cost per watt that is about half of the most efficient California Solar Initiative (CSI) project.

The primary purpose of the Solar PV Program is not to meet RPS solicitation requirements. While the Solar PV Program will make a very modest contribution to RPS goals, its purpose is to allow SCE to utilize its unique qualifications to broaden and deepen the California solar PV market. It will assist in producing savings in the State’s CSI program. It will assist in meeting the State’s “Million Solar Roofs” goal. It will assist in increasing the penetration of solar PV in SCE’s service territory. Most importantly, it will assist in meeting these goals at a reduced cost to ratepayers.

A. The Program Is Not Meant to Participate In the Renewable Portfolio Standard (RPS) Procurement Process

IEP asserts that the Solar PV Program should be consistent with the least cost/best fit criteria established for RPS solicitations. SCE proposes this program to further the State’s goals to increase the installation of solar PV technology. The purpose of RPS solicitation is to obtain the least-cost/best fit resources to meet renewable goals. These RPS projects consist of large central station facilities that utilize a number of different Eligible Renewable Resources. They are not distributed rooftop solar PV technology. The Solar PV Program projects are 1 to 2 Megawatts (MW) facilities attached directly to distribution facilities. SCE expects its Proposed Solar PV Program to deepen and broaden the local solar PV market for facilities that attach

² Exhibit SCE-1, p. 1.

directly to the distribution system. It will thereby help to reduce costs for participants in the CSI program, which also interconnects at the distribution level. The Commission should reject TURN and IEP's flawed logic that the Solar PV Program must meet RPS solicitation criteria.

B. The Weighted Average Cost of the Solar PV Program Is About Half of IEP's Estimate

IEP wrongly asserts that the weighted average of SCE's Solar PV Program is about .46 cents per kilowatt hour (kWh). As discussed below, the levelized average cost is about half of IEP's estimate taking into account the Time of Delivery (TOD).³

1. IEP'S Methodology Is Seriously Flawed

IEP inappropriately uses only the first seven years of SCE's Solar PV Program revenue requirement as a proxy for an RPS equivalent bid.⁴ IEP's calculations significantly distort the actual costs of the program. SCE's revenue requirement forecast uses traditional cost-of-service ratemaking. The first few years of revenue requirements are highest due to a large undepreciated asset base. As the underlying asset depreciates over time, the revenue requirement decreases, resulting in a lower revenue requirement at the end of the asset life.

Cost-of-service ratemaking is not "RPS Equivalent," as IEP claims. The Commission has determined that Utility Owned Generation (UOG) cannot be meaningfully compared to Independent Power Producers' (IPP) projects on a head-to-head basis. In Decision No. (D.)07-12-052, the Commission stated:

"We have insufficient experience at this time regarding how the different qualitative and quantitative attributes associated with straight Utility build bids and IPP bids that are identified in D.04-12-048 (performance risk, credit risk, 10-year versus life-of-asset price terms and operational flexibility) will be reconciled

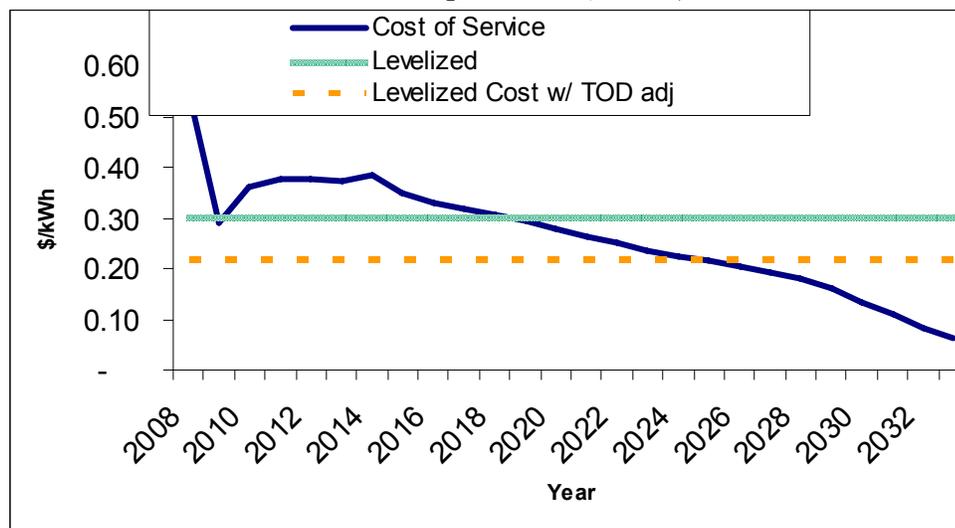
³ Other types of renewable power require an adjustment for time of delivery to recognize the difference between the time solar power is delivered (on-peak period) and the time other types of renewable power is delivered (e.g., geothermal power is delivered over all hours of the year). This same adjustment was applied to the levelized cost of the Solar PV Program.

⁴ Appendix A, Declaration of Benjamin Hodges.

in order to perform meaningful, apples-to-apples comparisons of Utility build and IPP bids, so we retain the prohibition on Utility build bids in competitive RFOs at this time.”⁵

It is not appropriate to compare, on a head-to-head basis, UOG and IPP resources, due to a variety of factors including different economic lives, risk profiles, debt equivalence impacts, potential collateral requirements, and other potential benefits of UOG. In looking at a UOG project and characterizing its costs, the cost per kWh calculations should consider, at a minimum, the levelized revenue requirements of the Solar PV Program over its life. Using the levelized cost methodology and SCE’s updates⁶ as identified below, the cost is 30 cents/kWh. If SCE, at some point in time, qualifies for the 30% investment tax credit (ITC), this cost would decrease. Figure II-1 below shows both the annual revenue requirements and the levelized revenue requirement in \$/kWh for the Solar PV Program assuming that SCE does not qualify for the ITC.

**Figure II-1
Solar PV Program
Revenue Requirement (\$/kWh)**



⁵ D.07-12-052, mimeo, p. 207

⁶ SCE’s updates are described in Appendices B and C, containing Declarations of Rudy Perez and Doug Snow, respectively. These updates will also be included in errata to SCE’s testimony to be served in this docket within a week.

2. IEP Fails to Appropriately Identify the Solar PV Program Power as Peak Power

The Solar PV Program will provide power in the afternoon on sunny days. In recent years, the CPUC has required utilities to seek cost-effective ways to meet peak demand.⁷ The time of the Summer On-Peak is typically the period of highest customer demand. Capacity value is higher during this time than at other periods. Though entirely inappropriate, using IEP’s logic to estimate the Solar PV Program cost equivalent to an RPS bid, the value of the “all-in power price” by a TOD factor. The 2008 RPS TOD factors for periods when solar energy is available are as follows:

TOU Period	Hours	TOD Factor
Summer - on	512	3.13
Summer – mid	768	1.35
Winter - mid	2189	1.00
Weighted Average		1.39

Applying an estimated 1.39 weighted average TOD factor to SCE’s levelized cost calculation decreases the levelized revenue requirement to 22 cents/kWh.

⁷ Summer Peak as defined in SCE’s TOU-8 rate schedule in Special Condition 1.

III.

THE COMMISSION SHOULD NOT ADOPT A REQUEST FOR OFFERS OR A FEED-IN TARIFF IN THIS DOCKET

IEP and the Joint Solar Parties propose that the Commission adopt: (1) an RFO for 250 MW of 1 to 2 MW solar PV facilities; or (2) a “feed-in” tariff for any solar facility desiring it.⁸ SCE’s Application proposes that the Commission adopt the Solar PV Program. SCE has not requested the Commission to consider an RFO or feed-in tariff in this docket. Neither an RFO nor a feed-in tariff is equivalent to the establishment of a utility-owned Solar PV Program consisting of 250 MW of 1-2 MW solar PV facilities. As a result, the Commission should not adopt either an RFO or a feed-in tariff in this docket in which SCE, as the applicant, has not requested them. That being said, SCE opposes development of either an RFO or a feed-in tariff, as contemplated by IEP and Joint Solar Parties, either in this docket or any other.

As discussed in more detail below, SCE is well-positioned to develop the Solar PV Program. Proceeding now, as SCE is ready to do, will achieve new solar PV facilities expeditiously. Neither an RFO nor a feed-in tariff can effectively replace the Solar PV Program. SCE’s financial stability and business reputation will increase the probability that 250 MW of solar PV systems will be available to meet the State’s solar rooftop goals over the next five years. In so doing, a Solar PV Program can improve efficiencies of elements of the California solar PV market to reduce costs and jump start the competitiveness of solar PV for widespread application on California roofs.

⁸ IEP’s Response, pp. 6 and 9; Joint Solar Parties’ Protest, pp. 4-5.

A. If Other Parties to This Proceeding Want to Propose an RFO or Feed-In Tariff for Solar PV, the Commission Can Open an Investigation in Another Docket

In Rulemaking (R.)06-05-027, the Commission issued final D.07-07-027 on July 27, 2007, which adopted feed-in tariffs for water and waste water facilities.⁹ In D.07-07-027, the Commission noted that it may be appropriate to further assess “using feed-in tariffs to spur additional renewable resource development.”¹⁰ If the Commission wants to consider a feed-in tariff, it can open a rulemaking. It would be inappropriate to consider either a feed-in tariff or an RFO in this docket, which only concerns SCE’s Proposed Solar PV Program in its service territory.

B. An RFO or a Feed-In Tariff Cannot Replace the Solar PV Program

In Exhibit No. SCE-1, in Chapter II, Section B, SCE explains in detail why it is well-positioned to develop the Solar PV Program and fill a unique and unmet niche in the solar PV market. Most importantly, SCE is a reliable business partner and, as a result, expects to receive volume discounts for its proposed investment. “Multiple developers are unlikely to achieve the same efficiencies and favorable pricing levels.”¹¹ As a result, SCE can more quickly and efficiently develop the Solar PV Program and achieve a lower cost than is currently in effect for CSI customers. This will assist in achieving the million solar roofs goal at a lower cost than has been achievable through the CSI to date.

Neither a feed-in tariff nor an RFO provides the State with the same level of assurance that end-use customers will experience reduced costs for installed PV in southern California as the Solar PV Program does.

⁹ D.07-07-027, mimeo, p. 62, Ordering Paragraph 1.

¹⁰ Id. at p. 44.

¹¹ SCE-1, p. 8, line 9-10.

C. The Solar PV Program Will Jump-Start the Solar Industry and Is Consistent With Meeting the State’s “Million Solar Roofs” Goals at Far Less Cost Than CSI

CAL SEIA and Recurrent Energy express concern that: (1) SCE’s bulk purchase arrangement will exacerbate PV system component supply shortages; and (2) SCE’s “unrealistically low price point” may negatively affect the ability of existing industry to match SCE’s price.¹² SCE designed its program to avoid PV supply shortages and to construct solar PV facility projects that the solar industry is not currently pursuing. As discussed in Exhibit No. SCE-1, SCE’s Solar PV Program is uniquely qualified to fill a solar gap between the smaller projects pursued by developers pursuant to the CSI and larger solar projects pursued by developers pursuant to the RPS solicitations. Currently, no program exists to develop the 1 to 2 MW solar PV facility market segment on commercial rooftops.

SCE can fill this solar gap at a significantly lower price than the CSI program because it can receive volume discounts for its proposed purchases. As SCE states in Exhibit SCE-1, many CSI projects have been cancelled or suspended since CSI was implemented in January 2007:

“According to California Solar Initiative (CSI) data, more than 40% of the applications for projects over 900 kw in SCE’s service territory have been cancelled or suspended since CSI was implemented in January 2007.”¹³

SCE’s financial stability and business reputation will increase the probability that the million solar roofs goals will be met.

As SCE states in Exhibit No. SCE-1, “In SCE’s judgment, 50 MW per year will trigger new efficiencies, but not drive prices up to due to material shortages or lack of manufacturing capacity.”¹⁴ So, contrary to the assertions of CAL SEIA and Recurrent Energy the Solar PV Program will assist the solar industry by creating efficiencies in the California market, but will not negatively affect the ability of current industry participants to obtain needed supplies. In

¹² CAL SEIA’s Protest, pp. 3-4; and Recurrent Energy’s Protest, p. 6.

¹³ Exhibit SCE-1, p. 11, lines 13-15.

¹⁴ Exhibit SCE-1, p. 12, lines 12-13.

addition, SCE will not directly compete with the private solar PV industry, which currently is not pursuing the 1 to 2 MW solar PV facility market segment.

IV.

CAL SEIA AND THE JOINT SOLAR PARTIES INAPPROPRIATELY APPLY PUBLIC UTILITIES CODE § 2775.5 TO “ELECTRIC PLANT ‘IN SERVICE’”

CAL SEIA and Joint Solar Parties assert that Public Utilities Code Section 2775.5 requires the Commission to make specific findings about the effect of “solar energy systems” installed as part of the Solar PV Program on competition and growth in the solar energy industry. Both parties ignore the fact that Public Utilities Code Section 2775.5(d) specifically defines the term “solar energy system” as not including “an electric plant as defined by Section 217.” Public Utilities Code Section 217 defines “electric plant” as including all property owned, controlled or managed in connection with facilitating generation of electricity by an electrical corporation.¹⁵ Thus, Public Utilities Code Section 2775.5 does not apply to utility-owned generation programs, like the Solar PV Program.

That being said, the Solar PV Program will not restrict growth of the solar PV industry. In fact, its intent is to do the opposite by deepening and broadening the local solar PV market in Southern California. In addition, it will not restrict competition, because other entities are not presently constructing the 1 to 2 MW solar PV facilities contemplated by the Solar PV Program. Therefore, this program fills the solar gap between the CSI program and the RPS program and does not impact competition.

¹⁵ “Electric plant” includes all real estate fixtures and personal property owned, controlled, operated, or managed in connection with or to facilitate the production, generation, transmission, delivery, or furnishing of electricity for light, heat, or power, and all conduits, ducts, or other devices, materials, apparatus, or property for containing, holding, or carrying conductors used or to be used for the transmission of electricity for light, heat, or power. Cal. Pub. Util. Code Section 217. See also, Cal. Pub. Util. Code Section 218.

V.

CCENERGY, RECURRENT ENERGY AND A-1 SUN, INC.

MISINTERPRET SCE'S REQUEST

CCEnergy, Recurrent Energy, and A-1 Sun, Inc. assert that SCE's Application requests the Commission to divert Public Goods Charge monies away from the CSI.¹⁶ CCEnergy also asserts that SCE proposes to have its ratepayers pay the capital investment in the Solar PV Program.¹⁷ In the alternative, CCEnergy asserts that Solar PV Program should be funded with shareholder investment as with SCE's Smart Meters program. CCEnergy, Recurrent Energy and A-1 Sun, Inc. misunderstand SCE's request. SCE is not intending to divert Public Goods Charge monies to the Solar PV Program. In fact, SCE proposes to use shareholder investments to fund the capital portion of the Solar PV Program. This is just like the Smart Connect Meters.

Finally, CCEnergy asserts that the Solar PV Program will preclude dispatch of other Distributed Generation (DG) units and will preclude development of nascent DG markets. To the contrary, applicable CAISO Tariffs and Federal Energy Regulatory Commission (FERC) rules preclude SCE from interfering with the dispatch of DG units owned by other entities. Moreover, the Solar PV Program will not prevent the development of nascent DG markets. To the contrary, the Solar PV Program is designed to reduce costs and increase penetration of solar PV technology through all market segments while obtaining a better understanding of impacts to the grid of solar PV systems.

¹⁶ CCEnergy's Protest, pp. 2-4; Recurrent Energy's Protest, p. 7; and A-1 Sun, Inc.'s Protest, p. 1.

¹⁷ CCEnergy's Protest, p. 2.

A. Public Goods Charges Will Not Subsidize the Solar PV Program

Contrary to the assertions of CCEnergy, Recurrent Energy, and A-1 Sun, Inc., SCE is not proposing to divert Public Goods Charges (PGC) to the Solar PV Program under present circumstances.¹⁸ The PGC was established in 1996 by Assembly Bill 1890 as a charge on the purchase of retail electricity. AB 1890 directed IOUs to establish a non-bypassable surcharge to fund public purpose programs in the areas of energy efficiency, research and development, renewable energy, and low-income assistance.¹⁹ Customers of California's three largest investor-owned utility (IOU) companies, San Diego Gas & Electric (SDG&E), Pacific Gas & Electric (PG&E), and SCE pay the PGC through their electric utility bills. Money raised by the PGC finances services and programs deemed to be in the public interest, including energy research, development, and demonstration projects, energy efficiency initiatives, renewable energy technologies, and low-income energy programs.²⁰ The Commission oversees administration of the PGC funds by the IOUs to insure that the funds are appropriately spent.

¹⁸ In CCEnergy's Protest, CCEnergy complains that SCE intends to divert ratepayer Public Goods Charge (PGC) money away from the CSI program for its PV program costs, and that SCE's PV program cannot leverage PGC funds to the same extent as the CSI to enable customers to purchase and install PV systems:

CCEnergy protests this application because: ...

2. SCE intends to divert ratepayer Public Goods Charge money away from the CSI program and into their own balancing account for recovery of their PV program costs.

3. The establishment of this account using Public Goods Charges can only be authorized at the legislative level, not at the CPUC.

4. SCE's PV program does not leverage Public Goods Charge funds to the same extent as the CSI to enable customers to purchase and install PV systems.

CCEnergy Protest, the protest is not numbered, but this quote appears on the second page. See also emailed protest of A1 Sun, Inc., which also argues that SCE's proposed PV program diverts PGC money away from CSI to pay program costs. A1 Sun, Inc. Protest, p. 1.

¹⁹ Pub. Util. Code Section 385 (AB 1890, Sec. 10 added Ch. 2.3 (commencing with Section 330) to Pt. 1 of Div. 1 of the Public Utilities Code).

²⁰ Before the electric power industry was restructured, California's three IOUs funded public interest programs within their operational budgets. Legislators feared that after restructuring the benefits obtained from these programs would be lost in the newly deregulated environment. In response, AB 1890 established a system to collect money from IOU customers to fund costs that the IOUs themselves had previously paid.

CCEnergy, Recurrent Energy, and A-1 Sun, Inc. misperceive SCE's request. An electronic search of both SCE's Application and Testimony reveals no use of either the term "Public Goods Charge" or PGC. SCE simply has not asked to use PGC money to finance this program.

B. SCE Proposes to Use Shareholder Investments For the Solar PV Program, Just Like the Smart Connect Meters

CCEnergy proposes that SCE fund the Solar PV Program with shareholder money just like the new Smart Meter. SCE actually proposes to do just as CCEnergy proposes and fund the Solar PV Program as it would any other utility-owned generation. SCE will use a combination of SCE debt and equity to fund its capital investment. Ratepayers will not fund the capital investment. Ratepayers will be charged the return on and of the capital investment over time, consistent with traditional cost-of-service ratemaking. Ratepayers will fund Operation and Maintenance (O&M) expenses and overhead costs, just as they currently fund O&M expenses for other utility-owned generation projects. Overhead costs are typically recovered through SCE's base generation revenue requirement authorized in SCE's GRC proceedings. SCE has included only incremental O&M costs (i.e. above what is authorized in the GRC) in its Solar PV Program revenue requirement and has included a forecast of \$0 incremental overhead costs as the result of the Solar PV Program.²¹

²¹ For example, it is not anticipated that SCE will need to hire additional accountants, lawyers, or regulatory personnel because of the Solar PV Program. Therefore, SCE has assumed \$0 incremental overhead costs.

C. SCE's Solar PV Program Will Not Preclude Dispatch of Other Distributed Generation

CCEnergy asserts that: (1) SCE dispatching protocols will adversely impact other DG units²² and (2) SCE's installations will adversely impact the operation of existing DG units. CCEnergy is wrong.

SCE cannot adversely impact the dispatch of other DG units. The overwhelming majority of DG units are non-dispatchable under the CAISO Tariff rules for regulatory must-take generation and permitted netting. SCE has no real-time control over customer-owned "behind-the-meter" DG units nor customer-owned Net Energy Metered (NEM) projects. Currently, SCE must dispatch an employee to the physical location to remove these plants from service. These DG Projects generate at the discretion of their owners. SCE has no control or impact on that decision, except in an emergency.²³ In short, SCE cannot affect the output of other DG units through its dispatching operations.

Likewise, the operation of solar PV facilities owned by SCE cannot impact the operation of exiting DG units. SCE will interconnect its solar PV projects under rules set forth in the FERC Wholesale Distribution Access Tariff (WDAT). The WDAT requires SCE to treat the interconnection of its generating plants as it would any other independent power producer. SCE cannot show preference in the interconnection of its solar PV facilities. SCE is responsible for any costs related to the interconnection including necessary system upgrades. The WDAT protects existing generation by requiring subsequent generation to either pay for required upgrades or choose to interconnect elsewhere. Therefore, SCE's solar PV facilities cannot affect the operation of any existing customer-side DG facilities.

²² CCEnergy states that: "dispatch by the IOUs of their DG units can have the effect of preventing the output of other DG units". CC Energy's Protest, p. 6, Paragraph 7.

²³ SCE can dispatch non-DG units according to CPUC and CAISO dispatch criteria for real time energy.

VI.

THE COMMISSION SHOULD ADOPT SCE'S PROPOSED SCHEDULE WITHOUT MODIFICATION

TURN and the Joint Solar Parties recommend intervenor testimony be scheduled no sooner than mid-July 2008. DRA recommends intervenor testimony be due on October 22, 2008. SCE's proposed schedule would have DRA and Intervenors file concurrent opening testimony on June 16, 2008. SCE proposed a schedule that would result in a Commission final decision by year-end 2008. SCE did so to minimize the amount of time that it moves forward with the Solar PV Program during the pendency of this Application.

SCE is presently working to finish the first Solar PV Program facility by August or September of this year when its system demand peaks. In Advice Letter 2226-E, SCE requested that the Commission establish a memorandum account in which to record the costs of the Solar PV Program while SCE's Application is pending. If the Commission issues a decision on SCE's Application this year, the amount recorded in the memorandum account would include no more than \$25 million in capital investment. If the review of the Application continues beyond that time, more money may be recorded in the memorandum account.

SCE urges the Commission to adopt its proposed schedule and complete the review of its Application this year. The protests and responses of the Protestants demonstrate that all of them have already reviewed SCE's testimony. It should not be that difficult for them to complete their testimony by mid-June.

If the Commission adopts DRA's proposed schedule, which provides for a lengthy review of SCE's Application, SCE will reconsider whether it will continue to expend funds on Solar PV Program during the pendency of the Application. The Commission should adopt SCE's schedule as proposed.

VII.

CONCLUSION

As discussed herein, the concerns raised by the Protestants are either unfounded or are offset by the substantial benefits to the State of the Solar PV Program. Therefore, SCE respectfully requests the Commission to move forward and adopt SCE's Proposed Solar PV Program Memorandum Account through Advice Letter 2226-E and adopt an aggressive schedule to complete review of SCE's Application by year-end 2008.

Respectfully submitted,

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May 8, 2008

APPENDIX A

DECLARATION OF BENJAMIN HODGES

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_____)	

DECLARATION OF BENJAMIN HODGES

I, Benjamin Hodges, declare:

1. I am a Manager in the Treasurer’s Department of Southern California Edison Company (SCE). My responsibilities include financial analysis of utility-owned generation projects being considered by SCE. As part of my responsibilities, I am familiar with the levelized revenue requirements for SCE’s Proposed Solar PV Program.

2. I analyzed Independent Energy Producers Association’s (IEP) methodology in Attachment A to its response of the IEP, dated April 28, 2008 (IEP Response). Chapter II, Section B, of the Reply of Southern California Edison Company to Responses or Protests of DRA, TURN, IEP, CAL SEIA, CCenergy, Joint Solar Parties, Recurrent Energy, and A-1 Sun, Inc., dated May 8, 2008 (SCE’s Reply) contains the results of my analysis.

To the extent that the materials in SCE’s Reply that I prepared are factual in nature, they are true and correct to the best of my knowledge. To the extent the materials that I prepared in SCE’s Reply are based on judgment, they are my best judgment.

Dated this 8th day of May 2008, at Rosemead, California.

/S/BENJAMIN HODGES
Benjamin Hodges

Appendix B

DECLARATION OF RUDY PEREZ

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DECLARATION OF RUDY PEREZ

I, Rudy Perez, declare:

1. I am a Manager-Project/Product in the Generation Planning and Strategy Department of Southern California Edison Company (SCE). My responsibilities include analyzing necessary levels of operation and maintenance (O&M) expenses for SCE's Proposed Solar PV Program.
2. The solar PV markets are evolving rapidly. Since SCE submitted its testimony in Exhibit SCE-1 on March 27, 2008, my understanding of the necessary level of O&M expenses to maintain the 1 to 2 MW solar PV facilities constructed through the Solar PV Program has changed.
3. Subsequent to the submittal of the Solar PV Program Application (A.08-03-015) on March 27, 2008, I have received additional information about Solar PV O&M costs. As a result, I am modifying the expected O&M costs as well as the expected panel output included in my testimony. The O&M Costs, which included roof lease costs, decrease from \$52,520/year to \$28,000/year per MW installed. O&M costs decrease because the expected cost of panel cleanings decreased, the expected reliability of the inverters increased, and Data Acquisition System (DAS) monitoring costs decreased. Finally, the expected PV panel capacity factor increased from 18% to 20%.

Table Estimated Yearly O&M Costs for a 1 MW Solar PV Project \$/W

Labor Activity	Cost per Year	Frequency
Array Cleaning/Inspection	\$ 3,000	2x per year
Inverter misc. maintenance	\$ 2,000	1x per year
DAS Monitoring	\$ 5,000	Monthly
Roof Lease Costs	\$ 18,000	
TOTAL O&M COST PER YEAR	\$ 28,000	

3. I have prepared errata to my testimony that will be submitted within a week of the Reply of Southern California Edison Company to Responses or Protests of DRA, TURN, IEP, CAL SEIA, CCEnergy, Joint Solar Parties, Recurrent Energy and A-1 Sun, Inc.

To the extent that the materials herein that I prepared are factual in nature, they are true and correct to the best of my knowledge. To the extent the materials that I prepared in SCE's Reply are based on judgment, they are my best judgment.

Dated this 8th day of May 2008, at Rosemead, California.

/S/RUDY PEREZ

Rudy Perez

Appendix C

DECLARATION OF DOUGLAS SNOW

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

Application of Southern California Edison)	
Company (U 338-E) for Authority to Implement)	A.08-03-015
and Recover in Rates the Cost of its Proposed)	
Solar Photovoltaic (PV) Program.)	(Filed March 27, 2008)
_____)	

DECLARATION OF DOUGLAS SNOW

I, Douglas Snow, declare:

1. I am a Manager in the Regulatory Policy and Affairs Department of Southern California Edison Company (SCE). My responsibilities include determining the revenue requirements for utility-owned generation projects including the Solar PV Program.

2. In Exhibit SCE-1, an adder was included in the capital estimate to account for such items as Allowance of Funds Used During Construction (AFUDC), capitalized pensions and benefits, payroll and property taxes. The estimated adder has been decreased from 10% to 1.15%, mainly due to the proposed construction schedule. SCE estimates a minimal Construction Work In Progress (CWIP) balance due to the short construction time of the units.

To the extent that the materials herein that I prepared are factual in nature, they are true and correct to the best of my knowledge. To the extent the materials that I prepared in SCE's Reply are based on judgment, they are my best judgment.

Dated this 8th day of May 2008, at Rosemead, California.

/S/DOUGLAS SNOW

Douglas Snow

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 REPLY OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO RESPONSES OR PROTESTS OF DRA, TURN, IEP, CAL SEIA, CCENERGY, JOINT SOLAR PARTIES, RECURRENT ENERGY, AND A-1 SUN, INC. on all parties identified on the attached service list(s). 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 8th day of May 2008, at Rosemead, California.

/S/MELISSA SCHARY

Melissa Schary

Case Analyst

SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue
Post Office Box 800
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A.08-03-015

Thursday, May 8, 2008

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