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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

I.D. #7656

ENERGY DIVISION **RESOLUTION E-4173**

June 26, 2008

R E S O L U T I O N

Resolution E-4173. This Resolution allows Southern California Edison Company to change Rule 18 to permit SCE master-metered customers at the Port of Long Beach and the Port of Hueneme to sub-meter cold-ironing load. The change to Rule 18 is granted in lieu of SCE's proposed deviation to the rule.

By SCE Advice Letter 2231-E filed on April 1, 2008.

SUMMARY

This Resolution allows Southern California Edison Company (SCE) to change Rule 18 to allow the Ports of Long Beach (POLB) and Hueneme to sub-meter cold-ironing load.

Cold-ironing refers to the use of shore-supplied electricity for the lighting, heating, cooling, operation of machinery, and other needs of ocean-going vessels while at berth in the ports as replacement for the vessel's own internal auxiliary engines.

Key elements of this Resolution are summarized below:

1. The change to SCE's Rule 18 will allow the Ports of Long Beach and Hueneme to sub-meter cold-ironing load of ocean-going vessels while docked at the ports.

2. Rather than treating this request by SCE as a deviation to Rule 18, we are allowing SCE to change Rule 18. This will allow for more visibility of the change, consistent with language already in Rule 18 for boat marinas.

3. SCE shall add a new section to its Rule 18 to reflect the wording as specified in AL 2231-E applicable to the Ports of Long Beach and Hueneme.
4. The rates and charges to the sub-metered vessels would not exceed the rates and charges billed by SCE to the ports for such services.

5. SCE's request for a Rule 18 deviation is not necessary with the change to Rule 18 approved by this Resolution. SCE does not need to modify its List of Contracts and Deviations**.**

BACKGROUND

SCE submitted AL 2231-E on April 1, 2008 requesting a Rule 18 deviation to allow the Ports of Long Beach and Hueneme to master-meter and bill cold-ironing loads of tenant vessels.

Currently, SCE Rule 18 "Supply to Separate Premises and Use by Others" prohibits the resale of electricity received by a utility's customer and used by another.

SCE's proposal would permit it to service the Ports of Long Beach (POLB) and Hueneme to allow the ports to sub-meter and bill vessels' cold-ironing loads. The rates and charges to the sub-metered vessels would not exceed the rates and charges billed by SCE to the ports for such services.

The Port of Hueneme in the Oxnard Harbor District is a deep-water port serving general cargo vessels principally from the Pacific rim. The general cargo include includes the import and export of automobiles, fresh fruit and vegetables, other agricultural products, and oil.

The Port of Long Beach is the second busiest seaport in the United States. The port handles everything from clothing and shoes to toys, furniture, and consumer electronics. Specialized terminals within the port also handle petroleum, automobiles, cement, lumber, steel, and other industrial products.

Cold-ironing refers to the use of shore-supplied electricity for ocean-going vessels while at berth in a port.

The electricity supplied by the ports would be used for lights, heating, cooling, machinery and pump operation, refrigeration, communication, and other needs of ocean-going vessels.
Cold-ironing applies to ocean-going vessels while at berth and electrically connected to port facilities.

The port-supplied electricity would replace the vessels' auxiliary internal combustion engines for electrical power.

According to SCE, cold-ironing would reduce emission of air pollutants.

Currently, vessels at ports using their own diesel-powered engines emit significant air pollutants, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter (PM), carbon monoxide, and hydrocarbons. Additionally, greenhouse gas (GHG) emissions such as carbon dioxide would be reduced with cold-ironing.

The South Coast Air Quality Management District (SCAQMD) has identified port-related emissions from the ocean-going ships, trains, trucks, and cargo handling equipment at the Los Angeles – Long Beach Port complex as a significant source of air pollution in the Los Angeles region.

According to SCE, the California Air Resources Board (CARB) estimates that port electrification of a vessel can reduce emissions of NOx and diesel PM by 90%. The CARB identified the ship categories that would benefit most by cold-ironing as container ships, passenger ships, and refrigerated cargo ships.

The State of California has taken actions to encourage cold-ironing.

AB 32 (2006) requires California to reduce its GHG emissions.

The CARB has adopted regulations to reduce air emissions at the Ports of Long Beach, Hueneme, Oakland, San Diego, and San Francisco. The regulations require vessels to either shut down their auxiliary engines for most of the time while in port or reduce emissions from those auxiliary engines by specified degrees while docked. Specifically, the vessel' auxiliary engines must be shut down for 50% of a fleet's total visit to a California port by 2014 and 80% by 2020.

In 2006 the San Pedro Bay Ports of Long Beach and Los Angeles, in conjunction with the CARB and the SCAQMD developed a Clean Air Action Plan to significantly reduce air pollution at the Ports of Long Beach and Los Angeles. One measure under this Plan is to equip all major container cargo and cruise ship terminals with shore-side electric facilities to permit docked vessels to engage in cold-ironing. The Port of Los Angeles has entered into a separate agreement with the Los Angeles Department of Water and Power for cold-ironing of vessels at its port facilities. China Shipping and NYK Atlas shipping lines currently use port electrification, i.e., cold-ironing, at the Port of Los Angeles.

According to SCE, the Port of Long Beach has committed to installing facilities at its shipping terminals to allow for cold-ironing. The POLB and SCE have been in discussions concerning needed electrical infrastructure to accommodate cold-ironing load at the port.

As stated by SCE, a Rule 18 deviation to allow sub-metering would give the ports greater flexibility to manage their electric costs to further promote cold-ironing of tenant vessels.

According to SCE, the ports can more accurately bill tenant vessels by sub-metering their cold-ironing loads. The vessels would be billed for their individual electric loads.

SCE's proposed deviation would be applicable only to the Ports of Long Beach and Hueneme, and restricted to cold-ironing loads.

Because SCE is treating its proposal as a deviation to Rule 18, SCE intends to reflect the deviation in SCE's List of Contracts and Deviations.

According to SCE, its advice letter filing AL 2231-E will not increase rates or cause a change in service to customers. There would be no impact to ratepayers because affected customers (ports) remain fully liable for any costs associated with sub-metering their load.

NOTICE

Notice of SCE AL 2231-E was made by publication in the Commission's Daily Calendar. SCE states that copies of the Advice Letter were served in accordance with Section 4 of General Order 96-B.

PROTESTS

There were no protests filed to SCE AL 2231-E.

On April 9, 2008 the Port of Long Beach filed a response in support of SCE AL 2231-E.

DISCUSSION

We have reviewed SCE's AL 2231-E. and other supporting information. Discussion of the relevant facts that lead to the approval of this advice letter with modification follows.

In AL 2231-E, SCE requests a deviation to the Rule 18 limitation to allow sub-metering of tenant vessels at the Ports of Long Beach and Hueneme.

Currently, SCE's Rule 18 allows in limited cases a master-metered customer to furnish and charge for electricity to sub-metered tenants. A customer who owns, operates, or leases certain multifamily accommodations may sub-meter and charge for electricity used by domestic tenants in single-family dwellings at the same rates that SCE would charge if supplied directly by SCE (SCE Rule 18, Part E.3). Additionally, master-metered customers at private or public boat marinas and small craft harbors may sub-meter tenant vessels moored in individual berths or slips and assess charges and rates that do not exceed those that would apply if the user purchased electricity directly from SCE. The latter situation does not apply to any land-based facilities at marinas or harbors (SCE Rule 18, Part F).

SCE's proposal would allow SCE master-metered customers located at the POLB and the Port of Hueneme to sub-meter and bill a tenant vessel's cold-ironing load.

As stated by SCE, the deviation to its Rule 18 would contain the following provisions:

"A master-metered customer may submeter a tenant's cold-ironing load aboard an ocean-going vessel at the Port of Long Beach or the Port of Hueneme but may not submeter any other load or land-based facility.

If the master-metered customer submeters cold-ironing load to an ocean-going vessel, the rates and charges to the submetered user for services supplied by SCE must not exceed the rates and charges the master-metered customer is billed by SCE for such services.

Cold-ironing load is defined as the use of shore-supplied electricity for the lights, heating, cooling, machinery, and other needs of an ocean-going vessel while at berth or otherwise electrically connected, as replacement for the vessel's auxiliary internal combustion engines."

According to SCE, its proposed deviation would allow the master-metered customers, i.e., the Ports, greater flexibility to manage their electricity costs to further promote and encourage cold-ironing.

As stated by SCE, tenant vessels are typically in port for only a short period of time (e.g., one or two days) and are likely to have great diversity in their individual cold-ironing load. Therefore, SCE claims it is not practical for the ports to charge a set fee to all tenant vessels for cold-ironing load. The ports can more accurately bill tenant vessels by sub-metering their cold-ironing load, and billing the vessels based upon their individual electric load.

Additionally, SCE claims it would be inefficient and unnecessarily expensive for SCE to directly meter and bill these tenant vessels because there are a large number of vessels with no established customer relationship with SCE that will be in port for only short periods of time.

SCE's proposed deviation stipulates that the rates and charges billed by the master-metered customer (the Ports) to the sub-metered user (the tenant vessels) for electricity supplied by SCE must not exceed the rates and charges billed by SCE to the master-metered customer (the Ports).

The language included in SCE's proposed Rule 18 deviation is consistent with the changes to Rule 18 adopted by the Commission in D.07-09-004. That decision approved a settlement between Pacific Gas and Electric Company (PG&E) and the Building and Owners Managers Association (BOMA) for sub-metering of commercial customers in high-rise buildings where the cost of electricity billed to the tenant is at the same rate as billed by the utility to the master-meter customer.

By passing along rates and charges to the sub-metered tenant vessels no higher than those that would be billed by SCE to the master-metered customer, SCE believes this eliminates any issues of the sale of electricity for resale and any potential for the Ports to resell the electricity for profit. Consequently, the Ports would not be considered as resellers of electricity and subject to regulation as a utility or electric service provider (ESP).

SCE indicated it has no plans at this time to provide any master-meter discount to the Ports. SCE also notes that the requested deviation does not prevent the master-metered customer from recovering the costs associated with billing and collecting payments from tenant vessels and the costs associated with their own internal sub-metered distribution system from the tenants through some form of rent or berth charge.

We allow SCE to modify Rule 18 to include language that it proposes as a deviation to the rule.

SCE's proposal in AL 2231-E is approved with modification in that the request to allow for cold-ironing at the Ports of Long Beach and Hueneme shall be treated as a change to Rule 18 rather than a deviation to the rule. This will allow for more visibility of the change by incorporating the applicable wording directly in the rule. We approve a change to Rule 18 because it will be applicable to SCE master-metered customers located at the POLB and Port of Hueneme, is consistent with the CARB regulations and guidelines to reduce air pollution, and will be restricted to cold-ironing load.

SCE shall file revisions to its Rule 18 adding a new section with the wording it specified in AL 2231-E to allow sub-metering at the Ports of Long Beach and Hueneme.

SCE's request for a Rule 18 deviation is not necessary..

Because we grant a modification to Rule 18, SCE does not need to modify its List of Contracts and Deviations.

Additionally, SCE does not need a deviation to Section 8.5.6 of General Order 96-B to allow SCE to list "Master-metered customers located at the Port of Long Beach and the Port of Hueneme serving cold-ironing load" as the name and location of SCE customers affected by the deviation in the List of Contracts and

Deviations in lieu of listing the individual name and location of each customer affected.

COMMENTS

Public Utilities Code Section 311(g) (1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. This draft resolution was provided to parties for comment, and will be placed on the Commission's agenda no earlier than 30 days from the date the draft resolution was issued for comment.

FINDINGS

1. SCE filed AL 2212-E on April 1, 2008, requesting a deviation to its Rule 18.
2. The proposal would allow the Ports of Long Beach and Hueneme to master-meter and bill cold-ironing loads of tenant vessels.
3. Currently, Rule 18 allows for sub-metering under certain limited cases..
4. Cold-ironing refers to the use of shore-supplied electricity for ocean-going vessels while at berth in a port.
5. The port-supplied electricity would replace the vessels' auxiliary internal combustion engines for electrical power.
6. Currently, vessels at ports using their own diesel-powered engines emit significant air pollutants, including NOx, SOx, PM, carbon monoxide, hydrocarbons, and greenhouse gas emissions.
7. According to SCE, cold-ironing would reduce emission of air pollutants.
8. The SCAQMD has identified port-related emissions as a significant source of air pollution in the Los Angeles region.
9. According to SCE, the CARB estimates that port electrification of a vessel can reduce emissions of NOx and diesel PM by 90%.
10. The State of California has taken actions to encourage cold-ironing.
11. AB 32 (2006) requires California to reduce its GHG emissions.
12. The CARB has adopted regulations to reduce air emissions at the Ports of Long Beach, Hueneme, Oakland, San Diego, and San Francisco.
13. As proposed by SCE, this proposal will apply only to the Ports of Long Beach and Hueneme, and restricted to cold-ironing loads.
14. According to SCE, the proposal to allow sub-metering would give the ports greater flexibility to manage their electric costs and further promote cold-ironing of tenant vessels.

15. Rather than treating SCE's request as a deviation to Rule 18, it is more appropriate to modify Rule 18 to allow for sub-metering at the Ports of Long Beach and Hueneme.
16. SCE shall file a revised Rule 18 adding a new section with wording as specified in AL 2231-E to allow sub-metering at the Ports of Long Beach and Hueneme.
17. Because this is considered a change to the rule, SCE does not need to modify its List of Contracts and Deviations.
18. According to SCE, its AL 2231-E filing will not increase rates or cause a change in service to customers.
19. On April 9, 2008 the Port of Long Beach filed a response in support of SCE AL 2231-E.

THEREFORE IT IS ORDERED THAT:

1. SCE's request for a deviation to Rule 18 as filed in AL 2231-E shall be treated as a change to Rule 18 in lieu of a deviation to the rule.

2. Within 10 days of today's date, SCE shall file a supplement to AL 2231-E with revisions to Rule 18 to add a new section with the following language:

   "A master-metered customer may submeter a tenant's cold-ironing load aboard an ocean-going vessel at the Port of Long Beach or the Port of Hueneme but may not submeter any other load or land-based facility.

   If the master-metered customer submeters cold-ironing load to an ocean-going vessel, the rates and charges to the submetered user for services supplied by SCE must not exceed the rates and charges the master-metered customer is billed by SCE for such services.

   Cold-ironing load is defined as the use of shore-supplied electricity for the lights, heating, cooling, machinery, and other needs of an ocean-going vessel while at berth or otherwise electrically connected, as replacement for the vessel's auxiliary internal combustion engines."

The supplemental advice letter shall replace AL 2231-E in its entirety and shall be effective on filing subject to Energy Division's determining that it is in compliance with this Resolution.

3. With the revisions to SCE's Rule 18 granted by this Resolution, SCE does not need to modify its List of Contracts and Deviations.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 26, 2008; the following Commissioners voting favorably thereon:

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Paul Clanon
Executive Director