

Decision 10-12-038 December 16, 2010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations.

Rulemaking 09-10-032
(Filed October 29, 2009)

**DECISION ADOPTING LOCAL RESOURCE ADEQUACY
TRUE-UP METHODOLOGY**

1. Summary

This decision establishes a local resource adequacy true-up process for 2011 and onward. The adopted process and timetable is shown in Appendix A.

2. Procedural Background

The Assigned Commissioner's Ruling and Scoping Memo (Scoping Memo), issued on December 23, 2009, identified the issues to be considered in Phase 1 of this proceeding as well as the procedure and schedule for their consideration. Two broad categories of issues were established. The first category, local resource adequacy (RA) issues, pertains to the California Independent System Operator's (CAISO) 2011 local capacity requirements (LCR) study as well as this Commission's establishment of local procurement obligations for 2011 based on the LCR study. The second category, program refinement issues, pertains to various proposals to modify the RA program. Included in the second category was the issue of establishing a local true-up methodology.

Decision (D.) 10-06-036 adopted the CAISO's 2011 LCR study as well as local procurement obligations for 2011 based on the LCR study. The decision also adopted various refinements to the RA program. The issue of local true-up for RA was deferred to a later decision.

3. Local True-Up Background

The RA program was first implemented with the 2006 compliance year for "system" RA requirements. "Local" RA procurement obligations were first implemented the following year.

D.06-06-064 adopted a framework for Local RA and established local procurement obligations for 2007 only. D.07-06-029, D.08-06-031 and D.09-06-028 established local procurement obligations for 2008, 2009 and 2010, respectively. As mentioned above, D.10-06-036 adopted local procurement obligations for 2011 as part of the Phase 1 decision in this docket.

The RA program developed by the Commission provides local RA obligations for load-serving entities (LSEs) for a 12-month compliance period. LSEs include both Investor-owned Utilities (IOUs) and other electric service providers under Commission jurisdiction. However, the program currently does not require LSEs to true-up their obligations within the compliance year. It is possible that true-ups could be required for changes in load within the compliance year for various reasons; in particular, the re-opening of Direct Access (DA) in 2010 (discussed below) makes it more likely that some LSEs will have significantly different levels of load at times throughout the compliance year. One concern of not having a local true-up mechanism is that the local RA product loses its premium value after the year-ahead showing, creating financial risks for LSEs which lose customers and a possible competitive edge for new entrants.

Under the current practice, each LSE is obligated to meet its Local Resource Adequacy Requirement (RAR) annually by procuring Local RA capacity based on its load ratio share. The load ratio share is the LSE's annual forecasted coincident peak load, adjusted by the California Energy Commission (CEC), divided by the total forecasted coincident peak load in the LSE's utility service territory. This method requires an LSE to procure the same amount of Local RA capacity for every month of the forecast year, based on the peak month (August) local requirement. Until recently, there has been no process for adjusting an LSE's Local RA obligation to account for or true-up load migration during the compliance period.

Adopting a local true-up mechanism into the RA program was discussed in Rulemaking (R.) 08-01-025, the predecessor to this Rulemaking. D.09-06-028 adopted a requirement for LSEs to document their load migration. However the Commission did not adopt a proposed local true-up mechanism but instead deferred implementation to the 2011 compliance year and this proceeding.

Pursuant to Senate Bill (SB) 695 (Stats. 2009, ch. 337), the Commission reopened DA in D.10-03-022. The decision states: "Effective April 11, 2010, all qualifying customers will be eligible to take DA service, up to the new maximum cap subject to the conditions as set forth herein. The increased DA allowances shall be phased in over a four-year period, subject to annual caps in the maximum DA increase allowed each year."¹ Additionally, D.10-03-022 states: "SB 695 requires the Commission to ensure that other providers of electricity in California are subject to the same procurement-related requirements that apply

¹ D.10-03-022 at 2.

to the IOUs, including RARs, renewables portfolio standards, and greenhouse gas emission reductions.”²

With the reopening of DA, the expected load migration between LSEs throughout the year will have some effect on the local obligation of the participating LSEs. In order to track the local RA obligation and ensure that all service providers are subject to the same RA treatment, a mechanism for local true-ups was established for 2010. D.10-03-022 adopted a local true-up mechanism for 2010, shown in Appendix 3 of that decision. D.10-06-036 at 11 stated: “As we just recently adopted the local RA true-up for 2010 and there is no compelling reason to change it at this time, we will continue the local RA true-up method adopted in D.10-03-022 for 2010 without revision.”

For 2011 and beyond, parties proposed different local true-up methods. These were known as the “True-Up Approach” and the “Reallocation Method”. These proposals were discussed in detail in D.10-06-036. The decision elected to not adopt either the True-Up Approach or the Reallocation Method at this time, but to take further comments.

4. Local True-Up White Paper and Revised White Paper

On August 15, 2010, Energy Division and CEC staff released a White Paper entitled “2011 Local True-Up Method White Paper.” An Administrative Law Judge’s (ALJ) Ruling dated July 27, 2010 sought comments on the White Paper. Comments and reply comments were filed by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), Alliance for Retail Energy Markets (AReM) and The

² D.10-03-022 at 25.

Utility Reform Network (TURN) on September 8, 2010 and September 22, 2010. Based on comments, the two staffs released a revised White Paper on September 28, 2010. A subsequent ALJ Ruling on September 30, 2010 sought comment on the Revised White Paper, and sought comment as to whether the Revised White Paper should be entered into the record of this proceeding. The same parties (except for TURN) filed comments and replies on October 6, 2010 and October 13, 2010.

In their comments and replies, SDG&E, SCE, PG&E and AReM objected to language in the Revised White Paper concerning planned outage replacement rules which they contended would increase procurement costs by potentially millions of dollars. SDG&E objected to placing the Revised White Paper into the record. AReM called for a transfer payment and the aggregation of local RA areas to mitigate market power concerns. Several parties commented on proposed timelines for compliance with local RA true-up requirements, with most opposing a proposal in the Revised White Paper for a third local RA true-up in each year, due to additional costs and minimal benefits.

The Revised White Paper summarized its purpose as follows:

The California Public Utilities Commission (CPUC) Energy Division and California Energy Commission staff (CEC) presents this paper to provide guidance on the Local true-up process and its implementation. The paper outlines key criteria for evaluating how well alternative Local true-up mechanisms support Resource Adequacy (RA) objectives. These criteria are used to analyze the current mechanism in place for the remainder of 2010 and the proposed 2011 mechanisms from the R.09-10-032 proceeding. Decision (D.)10-06-036 states, "We accept TURN and AReM's suggestion to re-evaluate the 2010 Local true-up during a decision phase later this year, once there is sufficient experience gathered with the Local RA true-up mechanism adopted in the DA proceeding. However, in light of our plans to revisit this issue later

in 2010, once experience has been gathered with the true-up mechanism adopted by D.10-03-022, we encourage parties to give serious consideration to the Reallocation Method.” This paper informs parties about implementation obstacles experienced in implementing the Local RA True-up process in 2010 and also provides guidance for selecting a process to implement for 2011.

In order to achieve the broad goals of the RA program and to implement the Commission’s intent, the two staffs identified the following key criteria, which were discussed in detail in the Revised White Paper:

1. Equitable and transparent cost allocation according to cost responsibility – are capacity obligations and their associated costs allocated to LSEs consistent with their expected load?
2. Verifiability – can LSE’s reported or forecasted estimates of load migration be verified and confirmed?
3. Administrative simplicity– can the process be done efficiently for LSEs and agency staff so that there is a minimized administrative burden?
4. Timeliness and clarity of compliance obligation and decreased potential for disputes – can the process be streamlined to minimize possibilities for inconsistent information between LSEs, and can LSEs determine their compliance obligation quickly?

On October 26, 2010, a Prehearing Conference (PHC)/workshop was held to discuss the comments on the Revised White Paper. At the PHC, Energy Division staff clarified certain aspects of the Revised White Paper. After a discussion, parties reached an agreement to change language in Section VI.2 of the Revised White Paper related to the process for showing a local resource and procedures for resource outages in order to ensure clarity. (Reporter’s Transcript (RT) 92-94.) No party objected to the changes. This change resolves the main concerns of all parties concerning planned outage replacement rules. Based on

this changed language, SDG&E withdrew its objection to placing the Revised White Paper into the record. (RT 95.)

We will adopt the local true-up methodology from the Revised White Paper, as revised at the October 26, 2010 PHC/workshop. Appendix A contains the adopted methodology. The adopted methodology is taken from Section VI of the Revised White Paper, with the following modifications.

- Showing a local resource and procedures for resource outages

We have clarified this section to incorporate language agreed to by parties at the October 26, 2010 PHC/Workshop.

- Transfer Payment

Prior to D.10-03-022, the Commission had decided against adopting the transfer payment approach in D.06-06-064 on the grounds that LSEs would be required to procure capacity to meet their RA obligations, and that a transfer payment in essence creates a Local RA product and a System RA product, each independently provided by the same RA capacity. Due to changed conditions and the reopening of DA in SB 695, D.10-03-022 adopted a transfer payment mechanism.

The transfer payment mechanism is an optional payment that can alleviate the Local RA obligation for an LSE that receives migrating customers to purchase Local RA capacity. In short, the gaining LSE can contact the losing LSE and pay an administratively determined transfer payment (D.10-03-022 set it at \$24 per kilowatt (kw)/year) instead of contracting with additional Local RA capacity and making it available to the CAISO. The transfer payment mechanism is based on the idea that an LSE that loses load may not be able to sell its capacity to the LSE gaining the load, and due to difficulties in transacting that sale in time, the gaining LSE might choose to simply make a payment. This means that the

“Local RA” credit is then transferred to the gaining LSE to meet their Local RA obligation. Staff would monitor and enforce payment of these transfer payments as a means of enforcing compliance with the RA program.

The Revised White Paper recommends that there be no transfer payment mechanism adopted for 2011, as this mechanism creates several potential disputes and reporting/verification requirements both for LSEs and agency staff. The adopted local RA true-up methodology does not adopt a transfer payment, but provides for the aggregation of Local Areas as adopted in D.10-03-022. LSEs will be required to procure Local RA capacity to meet reallocated Local RA obligations.

- Reallocation cycles

Based on party comments and workshop discussion, we will adopt a process with two reallocation cycles, with the first cycle to occur earlier in 2011 so as to shorten the time that stranded costs are left.

- No additional filing

Based on comments, we adopt a process that does not require an additional filing made with the Month Ahead RA Filings, but instead uses the same compliance template and is delivered at the same time.

- Dispute Resolution

AReM calls for a dispute resolution process to be adopted to afford the LSEs the opportunity and time necessary to seek changes in local RA reallocations. AReM reasons that this is necessary because the reallocation process relies on CEC discretion in determining local RA reallocations and because LSEs do not know what their obligation is going to be until the CEC allocates it. AReM provides a specific process for resolving such disputes.

We will not adopt AReM's suggested dispute resolution process. While such a process might be useful if the CEC were making significant discretionary decisions, it is unclear that this is the case. The CEC's process involves receiving load forecasts from LSEs, then adding them up to compute a load share. LSEs could not realistically dispute their load share since they do not know the load forecasts of other LSEs. Further, per D.10-06-036, LSEs already can update their information if necessary within five days after the forecast due date. We find the current process to be sufficient to address substantial questions of reallocation of local RA.

- Penalty Structure and Citation Program

The same RA penalty structure adopted in D.10-06-036 will apply to local true-ups and their associated revised load forecasts. The citation program adopted in Resolution E-4195 will also apply to all aspects of the local true-up process.

- Procurement timeframe

Based on comments, we adopt a revised reallocation proposal that gives LSEs different amount of time to procure Local RA between reallocation of Local RA obligations and submission of Local RA Filings.

The process adopted today will remain in effect for future years as well. The adopted procurement timeframe for 2011 is shown below, and is consistent with the generic timeframe shown in the adopted process in Appendix A.

RA filing month	Load Forecast month	Due Date
2011 Preliminary Local	N/A	Sep 17, 2010
2011 Final Year Ahead	N/A	Nov 1, 2010
January, 2011	February, 2011	Nov 30, 2010
February, 2011	March, 2011	Dec 31, 2010
March, 2011	April, 2011 (with first 2011 Local RA August revised forecast)	January 31, 2011
April, 2011	May, 2011	February 28, 2011
May, 2011 (first cycle)	June, 2011 (with second 2011 Local RA August revised forecast)	April 1, 2011
June, 2011 (first cycle)	July, 2011	May 2, 2011
July, 2011 (second cycle)	August, 2011	June 1, 2011
August, 2011(second cycle)	September, 2011	June 30, 2011
September, 2011 (second cycle)	October, 2011	August 1, 2011
October, 2011 (second cycle)	November, 2011	August 31, 2011
November, 2011 (second cycle)	December, 2011	September 30, 2011
December, 2011 (second cycle)	January 2012	October 31, 2011

5. Comments on Proposed Decision

The proposed decision of ALJ Gamson in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on December 6, 2010. No party opposed the proposed decision.

6. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and David M. Gamson is the assigned ALJ in this proceeding.

Findings of Fact

1. A process for local true-up of RA capacity was adopted in D.10-03-022 for 2010 only.
2. Energy Division and CEC staff developed a "Local True-up Method White Paper" and a revised version of this White Paper.
3. Parties agreed to clarifications to the Revised White Paper section entitled "Showing a local resource and procedures for resource outages" at the October 26, 2010 PHC/Workshop.
4. Transfer payments create several potential disputes and reporting/verification requirements both for LSEs and agency staff.
5. Continued aggregation of local areas for incremental Local RA procurement will provide a means to minimize market power.
6. The current process allowing for LSEs to update their load forecasts is sufficient to address substantial questions of reallocation of local RA.

Conclusions of Law

1. The Revised White Paper entitled “Local True-up Method White Paper” and dated September 28, 2010 is reasonable and should be adopted, with certain modifications and clarifications.
2. The Revised White Paper entitled “Local True-up Method White Paper” and dated September 28, 2010 should be placed into the record of this proceeding.
3. Transfer payments should not be adopted. Instead, aggregation of local areas should continue in effect to help mitigate local RA market power concerns.
4. Clarifications to the Revised White Paper section entitled “Showing a local resource and procedures for resource outages” should be made, as agreed to by parties at the October 26, 2010 PHC/Workshop and as set forth in Appendix A.
5. There is no need at this time to adopt a dispute resolution process for the local RA reallocation process.
6. The same RA penalty structure adopted in D.10-06-036 should apply to local true-ups and their associated revised load forecasts. The citation program adopted in Resolution E-4195 should also apply to all aspects of the local true-up process.

O R D E R

IT IS ORDERED that:

1. The Local True-up Method in Appendix A is adopted.
2. The assigned Commissioner and/or the assigned Administrative Law Judge may revise the schedule in Appendix A as necessary for the reasonable and efficient conduct of this proceeding.

3. Rulemaking 09-10-032 shall remain open.

This order is effective today.

Date December 16, 2010, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

TIMOTHY ALAN SIMON

NANCY E. RYAN

Commissioners

Appendix A

Local Resource Adequacy Reallocation Process

R.09-10-032

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Adopted Local RA Reallocation process for 2011 and onward

The California Public Utilities Commission (CPUC) adopts this Local Resource Adequacy (RA) Reallocation method as the Local true-up mechanism for 2011 and onwards.

The decision adopting this Appendix includes a sample calendar of due dates for 2011, clarifications on the RA compliance template, discussion of rules regarding the listing of resources for Local RA, clarification of load forecasting procedures, and clarification of how new electric service providers (ESPs) that do not currently serve load are to comply with RA obligations and begin to participate in the filing process.

1. Timeline and due dates:

The Local RA Reallocation Process follows the general RA Filing schedule included in the annual RA Filing Guide. Events added to accommodate the Local RA Reallocation Process are highlighted below and color coded. Energy Division will explain the Local RA Reallocation Process in the annual RA Guide and provide directions to local serving entities (LSEs) in the RA compliance templates.

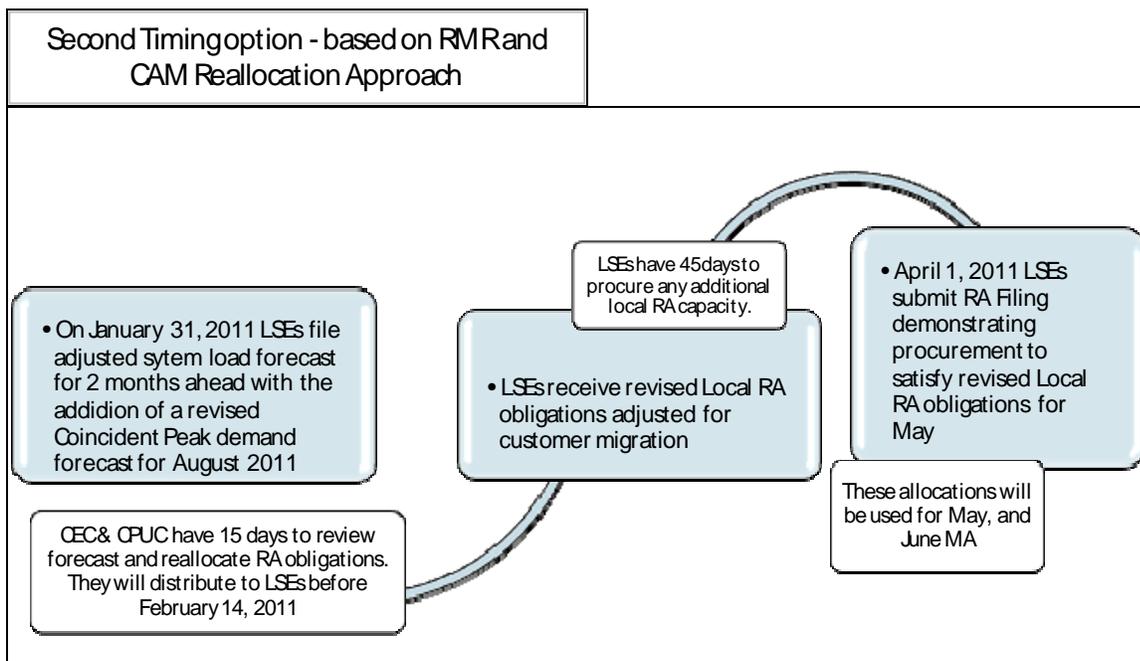
Local RA Reallocation timeline consistent with Reliability-Must-Run (RMR)-cost allocation mechanism (CAM) allocations The Local RA reallocation process includes two adjustment cycles, one occurring during the first quarter of the year to apply for filings in the second quarter in the year, and one occurring in the second quarter of the year to apply for filings in the third and fourth quarters of the year. LSEs file adjusted load migration forecasts, receive Local RA reallocations, and have 45 days to procure incremental Local RA in order to meet reallocated Local RA obligations. The schedule for each annual schedule will be incorporated into the annual RA Filing Guide issued by Energy Division, consistent with the schedule below.

RA filing month	Load Forecast month	Due Date
January	February	Nov 30, 2010
February	March	Dec 31, 2010
March	April (with first Local RA August revised forecast)	January 31, 2011
April	May	February 28, 2011
May (first cycle)	June (with second Local RA August revised forecast)	April 1, 2011
June (first cycle)	July	May 2, 2011
July (second cycle)	August	June 1, 2011
August (second cycle)	September	June 30, 2011
September (second cycle)	October	August 1, 2011
October (second cycle)	November	August 31, 2011
November (second cycle)	December	September 30, 2011
December (second cycle)	January	October 31, 2011

LSEs will file load forecasts for each month from January to August compliance months and submit those forecasts with the April Load forecast adjustments. LSEs will have approximately five days to make any corrections to their load forecasts. California Energy Commission (CEC) and Energy Division staff shall reallocate Local RA obligations for May and June and send to LSEs by mid February with May CAM/RMR reallocations. The Local RA obligations reallocated by staff shall be used for May and June Month Ahead RA filings. They must be inserted into the LSE Allocations tab of the RA Compliance Template. The month-ahead summary tab will calculate any needed or extra local capacity for the month-ahead RAR. This gives all LSEs at least 45 days to

buy or sell any local capacity for May which must be committed as RA for the May compliance filing month.

The second Local RA migration cycle requires LSEs to submit another load forecast to the CEC along with the July load forecast adjustments. This will include forecasts for the months of July and August. LSEs will have approximately five days to make any corrections to their load forecasts. Staff will use those forecasts to reallocate Local RA obligations for July through December. This gives all LSEs at least 45 days to buy or sell any local capacity for July which must be committed as RA in a RA filing for July compliance month. That same Local RA obligation shall apply through the remaining months of the compliance year. There is no third reallocation cycle.



2. Showing a local resource and procedures for resource outages

There are important differences between the adopted Local RA Reallocation process and both the proposal entered into Rulemaking (R.) 09-10-032 and the mechanism adopted in Decision (D.) 10-03-022. Parties are encouraged to read this section carefully.

The adopted Local RA Reallocation process requires LSEs to procure and commit via RA Filings capacity sufficient to meet their Local RA obligations. Energy Division will reallocate Local RA obligations, and LSEs will be required to

procure and commit via RA Filings sufficient Local RA capacity in each Local Area to meet their Local RA obligations. There is no provision of a transfer payment mechanism, and all LSEs are to satisfy their Local RA obligations by procuring sufficient RA capacity and committing it to the California Independent System Operator (CAISO) via RA Filings. The aggregation approach adopted for the incremental Local RA procurement during 2010 is retained, from D.10-03-022 (footnote 2 on page 2 of Appendix 3). LSEs may aggregate their Local RA adjustments between Local Areas in the same investor-owned utility (IOU) service area.

To report a contract with a unit located within a Local Area on the Local Template, LSEs select the correct Scheduling ID from a drop down list in Column C of the Reporting Template, and upon selection, the Local Area designation is filled in automatically.

During the compliance year, LSEs are to make RA compliance filings demonstrating compliance with the Local RA obligations as adjusted by the Local RA migration filings. To accomplish this, use a new column entered into the Physical Resource worksheet to allow LSEs to demonstrate monthly Local RA compliance on the same template as System RA compliance. Since only unit specific Physical Resources count towards meeting the LSE's Local RA obligation, there are no corresponding columns created on other resource tabs.

The Physical Resource tab will have a new column called "Local RA MW" (Column N) where the LSE is to enter the amount in megawatts (MW) that is meant to satisfy Local RA obligations from that unit. This amount in Column N is to be the RA MW amount the LSE is using to meet their Local RA obligation for that month (August net qualifying capacity (NQC) value not derated by scheduled outages),, which means that this value may be different from the System RA MW for that month for two reasons. First, the values will be different in the event that the resource's system RA value is affected by scheduled outage for that month, and thus listed at lower MW than the Local RA MW amounts unaffected by outages. Second, this value will be different from the System RA MW for the appropriate month in the event that the resource has a monthly NQC, which differs by month. In that event, the LSE would list the correct applicable month's NQC in as a System MW in an appropriate bucket, but list the August NQC value in the Local RA MW column.

3. Template details

The Local RA reallocation process requires the use of the two existing templates, the load migration forecast template and the System RA compliance template. Modifications made to these templates will be explained in the instruction tab of these templates.

In addition to the regular RA program schedule, all LSEs planning to serve load will have to submit monthly forecasts through at least August each month during the compliance year. Some LSEs already include a revised forecast for months past the compliance month, but the Local RA reallocation process requires all LSEs to do so.

Additionally, LSEs will procure to meet reallocated Local RA obligations and demonstrate the added Local RA capacity in their Month Ahead System RA Filings each month of the compliance year. To do this, LSEs must insert reallocated Local RA allocations into the System Month Ahead RA Filing in Table five of the LSE Allocations Tab. To implement the provision that allows for aggregation of incremental Local RA procurement after the Year Ahead RA Filing, LSEs will receive incremental adjustments to their Local RA obligations (either a positive or a negative number) for each Local Area. LSEs may enter the allocation in any Local Area in the same Transmission Access Charge (TAC) Area. For example, if an LSE receives a two MW incremental Local RA adjustment in Los Angeles (LA) Basin, the LSE could procure a two MW resource in Big Creek Ventura and enter it instead. The LSE could also enter one MW in both LA Basin and Big Creek Ventura. The template will draw the allocations entered by LSEs into the Summary Tab and calculate any needed or extra local capacity for the Month Ahead-RA showing. LSEs will submit revised August forecasts and receive adjusted Local RA allocations two times each compliance year. The incremental local allocation shall be used according to the schedule detailed in the annual RA Guide.

4. Load forecasts for Local RA Reallocation and dispute resolution

LSEs submit load forecasts each month of the RA compliance year in accordance with the process laid out in each year's RA Guide. The timelines discussed above will now include dates for submission of Local RA forecasts that will be used for Local RA reallocation. In each and every month, LSEs will develop and submit load forecasts for the customers included in any given month from the current month until August, or in the event that the month is past August, all months since August of each year. This gives a picture of the overall load shape

for the LSE given the customers the LSE is serving at any individual month compared to the forecasts for those same customers as of the peak month of the year. Twice each year, CEC and Energy Division staff will take a snapshot as of the dates specified in the RA compliance schedule and use that information to reallocate Local RA obligations. The information provided by LSEs in other months, including forecasts out to August, will allow staff to verify trends and reported migration in every month of the RA compliance year, although only twice in the year will LSEs receive adjusted Local RA allocations.

LSEs are to continue using the “best estimate” approach, which requires LSEs to make a forecast of anticipated customer retention as well as new customers coming to the LSE. As the “best estimate” approach requires LSEs to forecast load migration in advance of final Direct Access Service Request (DASR)/Community Choice Aggregator Service Request (CCASR) approval, the CEC will expect LSEs to be as accurate and complete as possible and may adjust or correct load migration filings before reallocating Local RA obligations.

LSEs are to forecast customer migration including all customers they serve. This means that small residential customers would be included in the load forecasts such as is currently done in the monthly forecasts, as opposed to the current True-up Approach which excludes residential customers. Since LSEs are performing forecasts, and not listing individual customers, LSEs are able to perform integrated forecasts for their entire estimated peak load. Upon notification from the CEC or upon location of an error in the load forecast submitted to the CEC by the LSE, the LSE will have five days after submission of the load forecast to correct the error.³

Based on LSE’s updated forecasts for the current month until or since the peak forecast month (August), the CEC will compute LSE specific adjusted proportionate shares of TAC area peak for use in reallocating the Local RA obligations. Energy Division will send LSEs updated Local RA obligations within 15 days of receipt of load forecasts, which are to be used in future RA compliance filings just like year ahead Local RA obligations. LSEs will then insert those allocations into the LSE allocations tab of the RA compliance filing.

³ D.10-06-036 OP 6E, “Load-serving entities may, at the discretion of the California Energy Commission staff, file changes to their load forecasts up to 25 days before the due date of the month-ahead compliance filings.”

LSEs may request allocations inserted into the template, or LSEs can insert the allocations themselves.

CEC and Energy Division staff will verify load forecasts against data submitted by IOUs pursuant to a monthly DASR/CCASR data request. These data requests will verify the amount of load moving from one ESP to another as measured by actual customer usage at time of peak.

5. RA compliance process for new LSEs currently without load

Month Ahead RA obligations:

Registered ESPs and community choice aggregators (CCAs) that plan on serving load within 60 days of becoming a registered ESP or approved CCA must file a load forecast with the CEC immediately upon registration and a Month Ahead (30 day-ahead) RA compliance filing associated with the load they plan on serving according to the schedule below for the month in which they plan to serve load. Upon notification of registration, Energy Division will contact new LSEs and inform them of RA requirements, as well as post materials on the DA and CCA sections of the CPUC website linking to RA compliance materials.

Registered ESPs or approved CCAs that do not plan on serving load within 60 days of becoming registered or approved are encouraged to contact the CEC and the CPUC to familiarize themselves with the RA Program and its requirements. Sixty days before the start of the month in which the LSE is projected to serve load, the LSE must file a load forecast with the CEC and procure to meet that load with an RA Filing filed 30 days before the start of the compliance month. The LSE will then begin to participate in the Local RA Reallocation process at the next available Local RA Reallocation cycle.

LSEs that begin serving load that do not file a 60 day ahead forecast or a Month-ahead RA showing will be subject to the same RA penalties that other LSEs are subject to for late filings and deficient RA showings. During the course of ESP registration or CCA approval, it is also required of LSEs to become respondents to the RA proceeding. The current RA proceeding is R.09-10-032, and LSEs are to ensure that they are on the service list for this proceeding.⁴

⁴ Service list here:

http://docs.cpuc.ca.gov/published/service_lists/R0910032_78657.htm.

To be added to the service list, contact process office at processoffice@cpuc.ca.gov.

Year Ahead RA obligations

All LSEs (including those that do not currently serve load) are required to submit Year Ahead load forecasts and receive Year Ahead RA obligations for purposes of complying with the Year Ahead RA obligations. Failure to do so will constitute a violation of the RA program. This forecast will be binding and create a year ahead RA Filing obligation. If the LSE is not projected to serve any load during the following compliance year, the LSE will receive no RA obligation from the CPUC and will not be required to file Year Ahead RA Filings.

If an LSE is not registered or approved at the time of the year ahead load forecasts the LSE is required to file a year ahead load forecast within 60 days of being registered or approved as LSEs. If the LSE is not projected to serve any load during the following compliance year, the LSE will receive no RA obligation from the CPUC and will not be required to file Year Ahead RA Filings. If the LSE is projected to serve load during the following compliance year but was not registered or approved at the time of the year ahead load forecast process, the LSE will receive System RA obligations (but not Local RA obligations or RMR/CAM/demand response allocations, as those values require adjustments for other LSEs also) from the CPUC and file a year ahead System RA Filing.

6. RA Penalty Structure

The same penalty structure that the RA program uses will apply to local true-ups and their associated revised load forecasts. This penalty structure was adopted in D.10-06-036.

	Small Procurement Deficiency	System Procurement Deficiency	Local Procurement Deficiency
Replaced within five business days of the date of notification	\$1,500 first incident in calendar year; \$3,000 for each incident thereafter in a calendar year	\$3.33/kilowatt (kW)-month	\$3.33/kW-month
Replaced after five business days from the date of notification or not replaced	LSE pays the applicable System or Local RA penalty for the deficiency.	\$6.66/kW-month	\$3.33/kW-month

Additionally, the citation program adopted in Resolution E-4195 will also apply to all applicable aspects of the local true-up process. The citation program

provides that LSEs may be fined specified amounts for failure to make timely filings in the manner required, and for small procurement deficiencies.

7. Local Waiver and Dispute Resolution

D.05-01-042 adopted an informal dispute resolution process that applies in the event of disputes in load forecasts⁵. As specified in D.05-10-042 the process is to be informal, beginning with the LSE contacting CEC staff and attempting to work out the dispute without action by the CPUC. If disputes cannot be worked out informally, then the CEC and the LSE are to bring the dispute to the attention of the CPUC, by filing a motion in the current RA proceeding.

No changes are made to the current Local RA waiver procedure. As it is currently a waiver of penalties for failure to satisfy Local RA obligations, the process could apply under the reallocation approach with regards LSEs filing waiver of penalty requests with their monthly RA compliance filings if the monthly RA compliance filings are to demonstrate a deficiency of Local RA procurement. LSEs are to refer to the structure laid out in D.06-06-064.

(END OF APPENDIX A)

⁵ Section 5.2 of D.05-10-042, linked here:
http://docs.cpuc.ca.gov/WORD_PDF/FINAL_DECISION/50731.PDF.