

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



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Application of Southern California Edison  
Company (U 338-E) for Approval of Its  
Carbon-Free Surplus Energy Transaction with  
Bonneville Power Administration

A.19-10-001  
(Filed October 1, 2019)

**PROTEST OF THE DIRECT ACCESS CUSTOMER COALITION AND ALLIANCE  
FOR RETAIL ENERGY MARKETS TO THE APPLICATION OF  
SOUTHERN CALIFORNIA EDISON COMPANY FOR APPROVAL  
OF CARBON-FREE SURPLUS ENERGY TRANSACTION  
WITH BONNEVILLE POWER ADMINISTRATION**

Daniel W. Douglass  
DOUGLASS & LIDDELL  
4766 Park Granada, Suite 209  
Calabasas, California 91302  
Telephone: (818) 961-3001  
Facsimile: (747) 222-1861  
[douglass@energyattorney.com](mailto:douglass@energyattorney.com)

Attorney for the  
**DIRECT ACCESS CUSTOMER COALITION  
ALLIANCE FOR RETAIL ENERGY MARKETS**

November 4, 2019

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Pursuant to Rule 2.6 of the Commission’s Rules of Practice and Procedure, the Direct Access Customer Coalition (“DACC”)<sup>1</sup> and the Alliance for Retail Energy Markets (“AReM”)<sup>2</sup> submits this protest to the Application of Southern California Edison Company (“SCE”) filed on October 1, 2019, in the above-captioned docket (“Application”) and noticed in the Commission’s Daily Calendar on October 4, 2019. Therefore, this protest is timely filed.

**I. DACC’S AND AReM’S INTEREST IN THIS PROCEEDING**

The Application requests approval of SCE’s contract (the “Contract”) with Bonneville Power Administration (“BPA”) to purchase 5 megawatts (“MW”) of what is characterized as “surplus carbon-free hydroelectric power from BPA made available through incremental energy

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<sup>1</sup> DACC is a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements. In the aggregate, DACC member companies represent over 1,900 MW of demand that is met by both direct access and bundled utility service and about 11,500 GWH of statewide annual usage.

<sup>2</sup> AReM is a California mutual benefit corporation formed by Electric Service Providers (“ESPs”) that are active in California’s Direct Access retail electric supply market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

efficiency (“EE”) savings in BPA’s service area.”<sup>3</sup> SCE also seeks authorization to recover in customer rates from all customers, including both bundled and unbundled customers, what is described as, “approximately \$2.989 million in incremental costs associated with the Contract.”<sup>4</sup>

DACC’s and AReM’s primary interest in the proceeding is to oppose this proposed allocation of any share of the costs related to a utility procurement contract to unbundled customers. Utility procurement costs are both historically and traditionally borne by bundled service customers. In its Application, SCE seeks to have a portion of the BPA Contract costs shared by both direct access (“DA”) and community choice aggregation (“CCA”) unbundled service customers. This is entirely inappropriate and should be rejected.

Moreover, it sets a precedent that could lead to greater and greater such transactions being entered into in the future, with DA and CCA customers being forced unwillingly to pay an ever greater share of costs that should properly be paid solely by bundled service customers. SCE admits as much when it states that, “the Transaction is designed as a relatively low-cost and low-risk ‘proof of concept’<sup>5</sup> that could be “scalable to a larger market”<sup>6</sup> in the future. Will the next such contract be for 50 MW or 100 MW, and the charges to unbundled customers multiplied by a factor of ten or twenty?

Furthermore, SCE claims that “all customers benefit from increasing access in California to carbon-free power.”<sup>7</sup> The same argument could be made with respect to all existing solar, wind, geothermal and ongoing hydropower transactions. Yet CCA and DA customers do not pay any

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<sup>3</sup> Application, at p. 1.

<sup>4</sup> Ibid.

<sup>5</sup> Testimony, at p. 15, lines 4-5.

<sup>6</sup> Application, at pp. 1-2.

<sup>7</sup> Id, at p. 6.

share of the costs incurred by utility purchases of these resources unless the utility can demonstrate that new generation resources are deemed needed to meet system or local area reliability needs,<sup>8</sup> in which case there is an allocation of the appropriate net capacity costs to all benefiting customers in the IOU service area.<sup>9</sup> Here, however, SCE has made no such allegation nor suggested that there should be any such allocation.

Put simply, SCE has demonstrated no justification for assessing any share of the Contract costs to unbundled service customers other than vague and unsubstantiated allegation that “all customers benefit.” This is neither demonstrably true, nor does it comply with Commission precedent for cost allocation to unbundled service customers.

## **II. PROPOSED CATEGORIZATION, NEED FOR HEARINGS, ISSUES TO BE CONSIDERED, AND PROPOSED SCHEDULE**

DACC and AReM concur with the SCE recommendation that this proceeding be categorized as ratesetting. However, DACC and AReM disagree with SCE’s representation that the Application and supporting testimony, “contain sufficient information and constitute a sufficient record for the Commission to rule on SCE’s Application without the need for evidentiary hearings.”<sup>10</sup>

To the contrary, the Application raises issues of fact pertaining to such subjects as (a) the need for the power purchase and its cost effectiveness; (b) whether BPA’s alleged incremental energy efficiency savings would have occurred without the SCE Contract; (c) the propriety of using the Public Purpose Program Charge to fund energy efficiency savings that were achieved: 1) outside of California, and 2) produced without the SCE Contract; (d) whether BPA’s cost to

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<sup>8</sup> See, Senate Bill 695.

<sup>9</sup> See, D.13-02-015, at p. 95.

<sup>10</sup> Application, at p. 9.

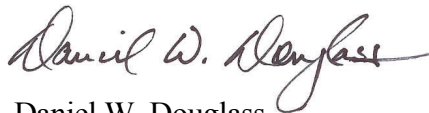
install the energy efficiency measures in its 2015 – 2017 portfolio that allegedly generated incremental energy efficiency are calculated properly and whether they should be charged to unbundled service customers; and (e) whether in fact all customers benefit from the SCE Contract.

DACC and AReM generally concur with the schedule proposed by SCE other than to note that if hearings are scheduled, the one day suggested in the Application is unlikely to be sufficient. At least two, and more likely, three days would be required. In conclusion, DACC and AReM believe that the need for hearings and schedule should be considered after the review of all parties' protests or responses to the Application and discussion at the prehearing conference.

### **III. REQUEST FOR PARTY STATUS**

Pursuant to Rule 1.4 of the Commission's Rules, DACC and AReM request active party status in this proceeding. The interests of DACC and AReM are not represented by any party to this proceeding, and their comments herein are directly relevant to the issues raised by the Application. DACC and AReM thank the Commission for its attention to the issues raised in this protest.

Respectfully submitted,



Daniel W. Douglass  
DOUGLASS & LIDDELL  
4766 Park Granada, Suite 209  
Calabasas, California 91302  
Telephone: (818) 961-3001  
[douglass@energyattorney.com](mailto:douglass@energyattorney.com)

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