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Commissioner : Michael R. Peevey  
Admin. Law Judge : Richard W. Clark  
ORA Project Mgr. : Xian Ming Li  
ORA Witnesses : Xian Ming Li



**OFFICE OF RATEPAYER ADVOCATES  
CALIFORNIA PUBLIC UTILITIES COMMISSION**

**OPENING TESTIMONY  
ON THE  
GREEN TARIFF SHARED RENEWABLES PROGRAM  
AND THE  
ENHANCED COMMUNITY RENEWABLES PROGRAM  
BY  
SOUTHERN CALIFORNIA EDISON COMPANY**

San Francisco, California  
April 11, 2014

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1 **I. INTRODUCTION AND SUMMARY OF RECOMMENDATIONS**

2 Q. Please state your name and position.

3 A. My name is Xian Ming (Cindy) Li, and I am a Public Utilities Regulatory  
4 Analyst in the Office of Ratepayer Advocates.

5 Q. Please summarize the points you will be making in this section of your  
6 testimony.

7 A. The Commission’s Office of Ratepayer Advocates (ORA) welcomes this  
8 opportunity to present this testimony on the Green Tariff Shared Renewables (GTSR)  
9 program (Green Rate) and the Enhanced Community Renewables program (ECR)  
10 proposed by Southern California Edison Company (SCE). If implemented, the ORA  
11 recommendations will better ensure that nonparticipating ratepayers bear no costs or risks  
12 associated with the Green Rate and ECR programs as required by Senate Bill (SB) 43.  
13 Accordingly, ORA recommends that the Commission:

- 14 • Require SCE to annually adjust Green Rate rates to reflect differences in  
15 actual cost of replacement RPS resources to ensure nonparticipating  
16 ratepayer indifference;
- 17 • Require SCE to file an Application to extend the programs beyond the  
18 initial term, expand procurement, or allow customers to stay on the rate  
19 indefinitely;
- 20 • Require SCE to submit annual reports on Green Rate program  
21 enrollment, procurement, costs and revenues, and ECR developer  
22 applications, review and selection, and hire an independent consultant to  
23 conduct a final comprehensive program evaluation that provides a  
24 meaningful review of the programs;
- 25 • Grant SCE’s request to provide no minimum terms for Green Rate  
26 subscriptions, which is a proposal different from that of Pacific Gas and  
27 Electric Company (PG&E) and San Diego Gas and Electric Company  
28 (SDG&E);
- 29 • In the event that SCE cannot satisfactorily address an ECR program  
30 complaint, make the Commission’s informal and formal complaint  
31 process available to address customer complaints;
- 32 • Grant SCE’s request to adjust the charges and credits for its Green Rate  
33 and ECR programs annually to reflect the actual costs of resources used

- 1 to serve participants. This request differs from PG&E’s proposal, which  
2 would have customers keep the rate they receive when they sign on to  
3 the program over the duration of their contract term;
- 4 • Grant SCE’s request to include an adjustment to incorporate the  
5 Renewable Integration Charge (RIC) for existing customers as well as  
6 new customers, if the Commission adopts such a charge;
  - 7 • Require SCE to provide customers with price comparison information  
8 for ECR projects;
  - 9 • Require SCE to adopt SDG&E’s measures for participating customer  
10 protection;
  - 11 • Require SCE to update its website to provide all relevant information on  
12 the Green Rate and ECR program;
  - 13 • Require SCE to recover all administrative costs of its programs from  
14 Green Rate and ECR participants, with a shareholder backstop to cover  
15 any costs in excess of the revenues received from customers subscribing  
16 to the programs;
  - 17 • Require SCE to adhere to the SB 43 requirement of tracking and  
18 accounting for all revenues and costs to ensure that the utility recovers  
19 the actual costs of the SCE’s Green Rate and ECR programs and that all  
20 costs and revenues are fully transparent and auditable;
  - 21 • Require SCE to charge Green Rate and ECR customers a rate that is  
22 cost based and fully compensatory, meaning that it covers all costs of  
23 the program including administrative costs, marketing expenditures,  
24 procurement costs, integration costs and all other costs related to the  
25 program;
  - 26 • Require SCE to administer the Green Rate program through an affiliate  
27 or as if through an affiliate in order to prevent nonparticipating  
28 ratepayers from subsidizing the program;
  - 29 • Require SCE to administer the Green Rate and ECR programs in a way  
30 that ensures fair competition;
    - 31 ○ Comply with Community Choice Aggregation (CCA) Code of  
32 Conduct and the principles of the Affiliate Transaction Rules;
    - 33 ○ Ensure the programs are competitively neutral vis-à-vis Direct  
34 Access (DA), CCA and municipal energy providers;
  - 35 • For the ECR program, disallow SCE affiliates from participating in such  
36 a program.

1 **II. PROCUREMENT**

2 **A. SCE Should Maintain Nonparticipating Ratepayer Indifference**

3 Q. What benefits does ORA see in SCE’s procurement method compared to  
4 PG&E’s and SDG&E’s proposals?

5 A. PG&E and SDG&E propose to procure resources for their GTSR programs  
6 and apply excess resources to their RPS requirements. ORA is concerned that their plan  
7 could violate the requirement of nonparticipating ratepayer indifference in SB 43 since  
8 long-term contracts for new smaller-scale GTSR energy could cost more than those  
9 resources would cost if purchased for the RPS program in the first instance.<sup>1</sup> If the  
10 resources cost more when procured for GTSR than for RPS, and PG&E and SDG&E are  
11 unable to utilize these higher-priced resources for the GTSR program (due to lower  
12 participation than forecasted), bundled ratepayers may have to absorb these higher cost  
13 excess resources when the IOUs transfer them to their RPS portfolios.

14 Q. Does SCE plan to do the same thing as PG&E and SDG&E?

15 A. No. SCE proposes to use RPS resources for its GTSR program, rather than  
16 procuring new resources specific for the GTSR program. SCE’s proposed Green Rate  
17 program would retire RECs based on customer subscriptions rather than counting the  
18 renewable generation towards its RPS requirements. SCE would take into account this  
19 decrease in RECs applicable to its RPS targets in its procurement planning to meet RPS  
20 requirements. If GTSR participation is not sufficient to utilize those resources, they will  
21 remain in the RPS portfolio. Thus, there will be no separate procurement for GTSR that  
22 could require SCE to apply excess resources to nonparticipating ratepayers if customers  
23 do not fully subscribe to the GTSR resources. ORA prefers this approach to PG&E’s and  
24 SDG&E’s proposals in this regard.

25 Q. Does SCE’s proposed procurement method achieve nonparticipating ratepayer  
26 indifference?

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<sup>1</sup> PG&E Revised Testimony, p. 1-6.

1           A. No. As discussed in SCE’s Reply to Protests, incremental procurement for  
2 replacement RPS resources could have a different cost (higher or lower) than resources  
3 being sold to Green Rate subscribers.<sup>2</sup> Without a mechanism to credit or charge Green  
4 Rate customers for this difference, nonparticipating ratepayer indifference would be  
5 violated.

6           Q. What method does ORA suggest to resolve this issue?

7           A. An example of a solution is to use a weighted average cost of new  
8 procurement for the RPS folder and compare it to the Green Rate Portfolio Charge. The  
9 weighted average cost of new procurement would account for procurement SCE makes  
10 because RECs were retired for the Green Rate. The Green Rate Portfolio Charge is one  
11 of SCE’s rate components and is the weighted average time of delivery adjusted contract  
12 costs of all projects eligible to serve Green Rate participants.<sup>3</sup> SCE could take the  
13 weighted average cost of new procurement for the RPS folder and account for the  
14 difference to the Green Rate Portfolio Charge in each ERRA proceeding and so account  
15 for higher or lower cost replacement RPS procurement. This is only one possible method  
16 to address the issue and ORA is open to other solutions to ensure nonparticipating  
17 ratepayer indifference.

18 **III. PROGRAM DESIGN**

19 **A. PROGRAM OFFERING**

20 **1. The Commission Should Require an Application**  
21 **for Program Extension, Additional Procurement or**  
22 **Continued Customer Participation in the Programs**  
23 **Beyond January 1, 2019**

24           Q. What is ORA’s suggestion with regard to the January 1, 2019 sunset date of  
25 SB 43<sup>4</sup> and extension or expansion of the programs?

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<sup>2</sup> SCE Reply to Protest, p.15.

<sup>3</sup> SCE Green Rate Testimony, p.17.

<sup>4</sup> SB 43 § 2834 states that the chapter regarding GTSR programs “shall remain in effect only until  
*(continued on next page)*

1 A. ORA recommends that SCE file an Application if it wishes to sign up new  
2 customers, expand the statutory procurement limits<sup>5</sup> or allow existing participants to  
3 continue participation beyond January 1, 2019.

4 Q. How does ORA's proposal differ from SCE's?

5 A. SCE's proposal only speaks to automatically allowing existing participants to  
6 remain in the program beyond January 1, 2019.

7 Q. When SB 43 expires on January 1, 2019, how does SCE plan to administer the  
8 Green Rate and ECR programs?

9 A. For Green Rate, SCE plans to close enrollment to new customers on January 1,  
10 2019 but allow participating customers already subscribed to the Green Rate when  
11 enrollment is closed to remain on the rate.<sup>6</sup> For ECR, SCE also plans to close enrollment  
12 to new customers on January 1, 2019 but allow participating customers already  
13 subscribed to the rate when enrollment is closed to remain in the program. Customers  
14 could transfer their subscriptions to other participating customers already subscribed to  
15 the program but would not be permitted to enter into a new agreement with an ECR  
16 facility past this date.<sup>7</sup>

17 Q. Does ORA disagree with SCE's proposal?

18 A. In part, yes.

19 Q. What are ORA's concerns about this approach for the Green Rate program?

20 A. SB 43 § 2834 states that "(t)his chapter shall remain in effect only until  
21 January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is  
22 enacted before January 1, 2019, deletes or extends that date." Direction is not given to

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*(continued from previous page)*

January 1, 2019."

<sup>5</sup> "SCE will accept subscriptions to the Green Rate until the program sunset date of January 1, 2019, or until subscriptions total 269 megawatts ("MW"), which is SCE's proportionate share of the statewide limitation of 600 MW of customer participation." SCE Green Rate Testimony, p. 1.

<sup>6</sup> SCE Green Rate Testimony, p. 10.

<sup>7</sup> SCE Community Renewable Testimony, p. 8-9.

1 allow customers to remain in the programs indefinitely. In fact, the Legislative Counsel’s  
2 Digest states that “(t)he bill would repeal the program on January 1, 2019.”<sup>8</sup>  
3 Additionally, as previously discussed in section II, incremental procurement for  
4 replacement RPS may have a different cost and value than Green Rate Portfolio resources  
5 sold to subscribers. This may violate the nonparticipating ratepayer indifference principle  
6 required in SB 43,<sup>9</sup> where IOU ratepayers that do not participate in a new program  
7 offering by the IOU should not bear the risk or cost of that program. The potential to  
8 violate nonparticipating ratepayer indifference persists if customers are allowed to  
9 continue participation indefinitely.

10 Q. What approach does ORA recommend for SCE to allow continued enrollment  
11 in Green Rate?

12 A. SCE should be required to file an Application if it seeks to allow participating  
13 customers to remain on the program. An Application allows for an evidentiary hearing, if  
14 needed, to determine and resolve factual disputes about how the programs have  
15 performed.<sup>10</sup> This approach provides an opportunity for the Commission to assess the  
16 success of the program to date, develop a record on whether the initial programs  
17 maintained nonparticipating ratepayer indifference, and to determine any appropriate  
18 program modifications.

19 Q. What approach should SCE take if it decides to extend the Green Rate and  
20 ECR programs or expand procurement beyond the statutory limits?

21 A. Again, an Application would be the appropriate method to request extensions  
22 and expansions of the programs, allowing for evidentiary hearings. Extensions and  
23 expansions of the programs, in ORA’s view, require an Application and full Commission

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<sup>8</sup> Legislative Counsel’s Digest, Sen. Bill No. 43 (2013-2014 Regular Session).

<sup>9</sup> Cal. Pub. Util. Code §§ 2831(h), 2833(p).

<sup>10</sup> For hearing rules on a formal application, *see* Rules, Article 14.

1 Decision under Commission Rules (Rules) of Practice and Procedure Articles 2-3.<sup>11</sup>  
2 Because Advice Letters do not allow for such hearings, only a full Application is  
3 appropriate to test the merits of prior program performance.<sup>12</sup> The Application should  
4 illustrate how the programs performed by incorporating annual and final reports and  
5 evaluations (discussed in the next section) to allow the Commission to examine the  
6 performance of the programs and decide whether they warrant extensions, expansions or  
7 changes.

8 **2. The Commission should Require SCE to Submit**  
9 **Annual Reports on the Programs and a Final**  
10 **Comprehensive Program Evaluation**

11 Q. Do you believe SCE should provide annual reports on the Green Rate and ECR  
12 programs?

13 A. Yes. The Commission should require SCE to file and serve annual reports on  
14 the progress of the programs before the end of the first quarter of each calendar year.  
15 These annual reports will allow the Commission, ORA and others to monitor the success  
16 of the programs and will provide an opportunity for mid-course corrections to the  
17 programs. These reports will also provide valuable information that the Commission will  
18 need in the event SCE seeks to expand its programs or continue them beyond the initial  
19 program term.

20 Q. What information should the reports on the Green Rate program provide?

21 A. ORA recommends that these reports include information on program  
22 subscription levels and how they relate to the original participation forecasts, megawatt  
23 hours (MWh) subscribed, amounts of unsubscribed resources, program costs, program  
24 revenues, lessons learned, successes and failures, and any other relevant factors that

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<sup>11</sup> Rules, Article 2, Applications Generally, and Article 3, Particular Applications (available at [http://docs.cpuc.ca.gov/WORD\\_PDF/AGENDA\\_DECISION/143256.PDF](http://docs.cpuc.ca.gov/WORD_PDF/AGENDA_DECISION/143256.PDF)).

<sup>12</sup> For example, PG&E submitted Application 09-05-016 for authorization to continue the ClimateSmart program, a voluntary participation “green” program, similar to the GTSR programs. See D.10-10-025, p. 4.

1 relate to the success (or failure) of the program. The reports should also include  
2 information documenting the extent that the program achieved (or did not achieve)  
3 nonparticipating ratepayer indifference.

4 Q. What information should reports on the ECR program provide?

5 A. In addition to the material required for Green Rate, ORA recommends that the  
6 reports for the ECR program also include a listing of all ECR developer applications,  
7 describe in detail the eligibility review process, and give the basis for the selection of  
8 developers participating in the program.

9 Q. Why do you support requiring SCE to furnish information about developers  
10 delivering resources to customers through SCE's ECR program?

11 A. An annual reporting requirement demonstrating the viability of facilities for  
12 operation would ensure that ECR developer eligibility criteria are met.<sup>13</sup> This will  
13 benefit program participants and nonparticipating customers by providing transparency to  
14 the developer selection process. This reporting requirement would also better inform the  
15 Commission in the event that SCE seeks to increase the capacity offered in the program  
16 by documenting developer participation and selection (SCE currently proposes to begin  
17 the program as a 40 MW pilot).<sup>14</sup>

18 Q. Does ORA recommend any other reporting requirement?

19 A. Because GTSR programs are new for the California IOUs, ORA recommends  
20 that the Commission require SCE to hire an independent consultant to conduct a  
21 comprehensive evaluation of both SCE's Green Rate and its ECR program at the end of  
22 the initial program term, as was done for PG&E's ClimateSmart program. The  
23 Commission's decision to require such a report for the ClimateSmart program provided  
24 useful information for that program, and also exposed program weaknesses that parties

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<sup>13</sup> SCE Community Renewables Testimony, p. 11.

<sup>14</sup> SCE Community Renewables Testimony, p. 8.

1 have considered in the design of the GTSR programs in this consolidated proceeding.<sup>15</sup>  
2 This evaluation would provide valuable information about successful and unsuccessful  
3 strategies and approaches the SCE applies to the programs and verify subscription and  
4 cost information for each program. This information would be useful for the Commission  
5 and SCE in the development of future customer renewables programs and in the decision  
6 on whether to extend or expand SCE's program if SCE seeks to do so.

7 **B. PARTICIPATION TERMS**

8 **1. SCE's Proposal to Provide No Minimum Terms for**  
9 **Green Rate Subscriptions is Favorable for**  
10 **Customers**

11 Q. Does SCE require a minimum contract term for participation in the Green Rate  
12 program?

13 A. No; SCE plans to allow customers to remain on the program for as long as the  
14 program is offered and their service account remains active, or until the customer chooses  
15 to voluntarily exit the program.<sup>16</sup> If a customer leaves the program, s/he will not pay a  
16 termination fee, but will be barred from re-entering the program for 12 months.<sup>17</sup>

17 Q. Does ORA support this approach?

18 A. Yes. ORA supports imposing no minimum term for participation in the Green  
19 Rate program. This approach allows customers the flexibility to test whether participation  
20 in the program is appropriate for them, which may cause more customers to participate.  
21 Participation with contract terms and early termination fees, as proposed by PG&E<sup>18</sup> and  
22 SDG&E,<sup>19</sup> may deter customers from participating in the PG&E and SDG&E

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<sup>15</sup> D.10-10-025, Ordering Paragraph 5, p. 30.

<sup>16</sup> SCE Green Rate Testimony, p. 11.

<sup>17</sup> *Id.*

<sup>18</sup> PG&E Revised Testimony, p. 1B-6

<sup>19</sup> SDG&E Revised Testimony, Chapter 2, p. 15.

1 programs.<sup>20</sup> SCE’s approach also financially protects participating customers in the  
2 event that they wish to return back to standard bundled service as they will not have an  
3 early termination fee imposed on them.

4 **2. The Commission’s Complaint Process Should be**  
5 **Made Available to SCE ECR Customers**

6 Q. If customers in SCE’s ECR program have complaints about the developers,  
7 what avenues has SCE proposed for resolution?

8 A. SCE has not provided recommendations for complaint resolution.

9 Q. What avenues does ORA recommend?

10 A. ORA proposes that complaints that cannot be satisfactorily handled by SCE  
11 should be handled through the Commission informal and formal complaint process.  
12 ORA will brief the jurisdictional issue in its post-trial brief (and has done so in its brief  
13 on the PG&E and SDG&E programs). The Commission should not leave these  
14 customers without a Commission-supervised dispute resolution process.

15 **C. RATE DESIGN**

16 **1. The Commission Should Require SCE to Annually**  
17 **Adjust the Charges and Credits of the Programs**

18 Q. How does SCE plan to adjust the Green Rate and ECR charges and credits to  
19 account for any increases or decreases in program costs?

20 A. SCE plans to update the charges and credits applicable to the Green Rate,  
21 except the indifference adjustment, in each annual Energy Resource Recovery Account  
22 (ERRA) forecast proceeding.<sup>21</sup> The new “vintage” of the charges and credits would  
23 apply to all existing and new Green Rate customers.<sup>22</sup> SCE similarly plans to adjust the

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<sup>20</sup> ORA Post Hearing Brief, p. 14.

<sup>21</sup> SCE Green Rate Testimony, p. 21.

<sup>22</sup> *Id.*

1 charges and credits of the ECR program on an annual basis in the ERRRA forecast  
2 proceeding.<sup>23</sup>

3 Q. Does ORA support this approach?

4 A. Yes. ORA supports annual adjustments to account for any increases or  
5 decreases in program costs. SB 43, Section § 2833(p) requires that GTSR charges and  
6 credits be set in a way that prevents cost shifting and ensures nonparticipant ratepayer  
7 indifference. It is essential that program participants bear all costs and risks of the GTSR  
8 in order to prevent cost shifting to nonparticipating customers. SCE has proposed a  
9 prudent approach to adjust Green Rate and ECR program rates upward and downward as  
10 appropriate for existing and new customers to cover all costs of the programs.

11 Q. Does ORA's recommendation extend beyond requiring SCE to pass through  
12 costs to GTSR customers?

13 A. ORA also recommends that SCE incorporate the Renewable Integration  
14 Charge (RIC) if and when the Commission adopts one.<sup>24</sup> SCE has stated that it plans to  
15 do so, and ORA urges the Commission to uphold that proposal and apply the RIC to  
16 existing and new customers.<sup>25</sup>

#### 17 **IV. MARKETING**

##### 18 **A. SCE Should Provide Customers With Price Comparison** 19 **Information for ECR Projects**

20 Q. How will SCE's customers learn about ECR projects and enter into agreements  
21 with ECR providers?

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<sup>23</sup> SCE Community Renewables Testimony, p. 13-15.

<sup>24</sup> The Commission recently issued a new long-term procurement plan rulemaking, R.13-12-010, the successor to R.12-03-014. While is not clear when or where the Commission will consider implementation of a renewable integration charge, if and when it does so, SCE should impose the cost on GTSR program participants.

<sup>25</sup> SCE Response to ORA Data Request (DR) 001, Q.20. All DR responses appear in Appendix B to this testimony. (“...As explained on pages 17-18 and 23 of SCE's Prepared Testimony, Exhibit SCE-1, SCE will impose any non-zero renewable integration charge or adder once the Commission adopts such a non-zero integration charge or adder. SCE will apply this charge to all new and existing customers.”).

1           A. SCE proposes that renewable developers be responsible for marketing to and  
2 transacting with ECR participants. SCE does not plan to be a party to the agreement  
3 between the customer and the developer and will not dictate the terms and conditions of  
4 the transaction or play any role in marketing ECR facilities, agreement structures, or  
5 renewable developers to customers.<sup>26</sup>

6           Q. What concerns does ORA have with this approach?

7           A. This approach provides no transparency or consumer protection to customers  
8 who are unfamiliar with the participating developers and the different approaches to fund  
9 the development of an ECR facility. These developers would be competing to attain  
10 subscribers which may lead to puffery and the spread of misleading information that  
11 could confuse customers, deter participation, and expose participants to harm.

12          Q. How should this issue be resolved?

13          A. SCE should provide customers with up-front price comparison information to  
14 mitigate distortion of information among developers. As long as SCE and its affiliates or  
15 partners do not participate in the ECR program as developers, SCE would likely be  
16 unbiased in steering customers to a particular developer providing resources in the ECR  
17 program. The Commission can require developers to provide SCE this comparative price  
18 information as a condition for participation in the program. Such information may  
19 enhance potential customers' ability to comparison shop when considering participation,  
20 increase subscribership, and reduce surprises and customer harm.

21          Q. What other protections should customers have?

22          A. As noted above, the Commission should require SCE to attempt to resolve any  
23 disputes customers have with ECR developers. If SCE's attempt is unsuccessful, the  
24 Commission should allow customers to use the Commission's informal and formal  
25 complaint processes.

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<sup>26</sup> SCE Community Renewables Testimony, p. 2.

1           **B.     SCE Should Adopt SDG&E’s Measures for Participating**  
2           **Customer Protection**

3           Q. What measures should be adopted to protect participants of community shared  
4 renewables programs?

5           A. ORA supports SDG&E’s proposals<sup>27</sup> to protect participants of their Share the  
6 Sun pilot, some of which should be adopted for SCE’s ECR program. These measures  
7 would provide customers with information and provide protections in their interactions  
8 with community renewable developers. These measures include:<sup>28</sup>

- 9           i. A standard customer authorization form to subscribe the customer and a  
10 Customer Program Participation Agreement authorizing the release of  
11 electric and energy usage and pertinent billing information to the developer;
- 12           ii. Standard Solar Provider Program Agreements with terms and conditions  
13 which require developers (1) keep customer information confidential; and  
14 (2) allow Commission oversight over consumer complaints (formal and  
15 informal) that cannot be resolved between the customer and developer;
- 16           iii. A standard pricing form allowing customers to easily compare subscription  
17 proposals;
- 18           iv. A standard solar developer information sheet to help customers compare  
19 and evaluate proposals;
- 20           v. An SCE-maintained website with a list of participating developers and links  
21 to their websites;
- 22           vi. A frequently asked question (FAQ) list for customers’ use in evaluating  
23 developers.

24           Q. What additional measures should the Commission require to protect customers  
25 in their interactions with renewable providers?

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<sup>27</sup> Although ORA generally supports SDG&E’s proposals to provide customer protection for its “Share the Sun” program, ORA notes that there are many details that still need to be finalized and enhanced.

<sup>28</sup> SDG&E Revised Testimony, Chapter 2, pp. 19-20, pp. 26-33, pp. 35-37, Appendix A.

1 A. ORA also recommends that SCE adopt the following measure:  
2 The Customer Program Participation Agreement authorizing the release of  
3 confidential customer information to the solar developer should include terms to  
4 discontinue the provision of data upon the termination of the customer’s subscription  
5 with the provider.

6 **C. SCE Should Provide All Relevant Green Rate and ECR**  
7 **Information on its Website**

8 Q. What Green Rate and ECR program information does SCE plan to provide on  
9 its website?

10 A. SCE has stated that its online portal will provide interested customers with  
11 pricing information and enrollment options; it will also provide multi-lingual support.<sup>29</sup>  
12 For the ECR program, it will use the website to educate customers about the program,  
13 differences between other rates and options, and specific requirements and constraints for  
14 participation.<sup>30</sup> However, it does not plan to market specific facilities, agreement  
15 structures or renewable developers to customers.<sup>31</sup>

16 Q. Does ORA support SCE’s proposals in this regard?

17 A. Yes, with ORA’s additional recommendations.

18 Q. Does ORA recommend that SCE provide additional information on its  
19 websites?

20 A. Yes. In addition to the ECR pricing information previously discussed, ORA  
21 recommends that SCE provide sufficient information to fully inform the customer before  
22 enrollment. ORA recommends that SCE provide the following information on its  
23 website, based on SDG&E and PG&E’s plans for disclosure on their own websites:<sup>32</sup>

24 A. Program information and an overview;

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<sup>29</sup> SCE Green Rate Testimony, p. 48.

<sup>30</sup> SCE Community Renewables Testimony, p. 18.

<sup>31</sup> *Id.*

<sup>32</sup> PG&E Settlement Section 3.6.3. and SDG&E Revised Testimony, Chapter 2, p. 35.

- 1 B. Information on how to enroll;
- 2 C. Program enrollment forms and contracts where applicable;
- 3 D. FAQs;
- 4 E. Program contact information;
- 5 F. Tool to allow prospective customers to determine bill impacts based
- 6 on different participation levels, options available that may best suit
- 7 their individual needs, and how the participation translates into
- 8 environmental benefits;
- 9 G. Quantity of benefits achieved by participating customers,
- 10 collectively or where possible, individually.

11 **V. COST RECOVERY**

12 **A. SCE Shareholders Should Cover Excess Marketing and**

13 **Administrative Expenses for the Green Rate and ECR**

14 **Programs**

15 Q. Is there a risk that Green Rate and ECR program administrative and marketing

16 costs will exceed revenues received from participating customers?

17 A. Yes. It is possible that enrollment in the programs will be too low to sustain

18 the programs and that revenues from participants will not cover the costs.

19 Q. Has SCE discussed this issue?

20 A. For Green Rate, SCE has stated that if SCE cannot recover its actual Green

21 Rate program costs from the remaining subscribers, SCE will notify the Commission via

22 a Tier 3 advice letter and present an alternate cost recovery proposal.<sup>33</sup> SCE does not

23 specifically address this same issue for the ECR program.

24 Q. Does SCE's statement concern ORA?

25 A. Yes. SCE asserts that its shareholders should not have to provide a backstop

26 for any costs of its program.<sup>34</sup> If the GTSR participants do not cover the costs, and the

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<sup>33</sup> SCE Green Rate Testimony, p. 58.

<sup>34</sup> SCE Response to ORA DR 001, Q.19 ("No. SB 43, Public Utilities Code Section 2833(q), requires that  
(continued on next page)

1 shareholders do not do so either, the only remaining way to cover costs is by passing  
2 them on to nonparticipating ratepayers. ORA opposes any such pass-through, as it would  
3 violate the ratepayer indifference principles mandated by SB 43.

4 Q. What is ORA's proposed resolution?

5 A. SCE's proposal to come to the Commission for relief if it cannot recover all  
6 costs from program participants is tantamount to admitting SCE will try to have bundled  
7 ratepayers pick up any excess costs, which is clearly prohibited by SB 43. Because there  
8 is no assurance that SCE will enroll enough participants to recover all administrative and  
9 marketing costs, the Commission should order SCE to apply any excess administrative  
10 and marketing costs to shareholders rather than nonparticipating ratepayers, as PG&E has  
11 agreed to do.<sup>35</sup> PG&E's provision for a shareholder backstop for administrative and  
12 marketing costs provides assurance that in the event that customer participation is so low  
13 that these costs cannot be recovered from participants, PG&E's shareholders will bear the  
14 costs rather than applying them to nonparticipating ratepayers.<sup>36</sup> The Commission should  
15 not leave the door open for SCE to come back and seek a different solution for these  
16 excess costs. Since statute mandates that nonparticipating ratepayers cannot legally bear  
17 these costs,<sup>37</sup> the Commission should guide SCE now to avoid future disputes.

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*(continued from previous page)*

“[a] participating utility shall track and account for all revenues and costs *to ensure that the utility recovers the actual costs of the utility's green tariff shared renewables program* and that all costs and revenues are fully transparent and auditable. The operation of SCE's proposed Green Rate Balancing Account will therefore ensure that no more and no less than the actual incremental revenue requirements associated with recorded Green Rate activities are ultimately collected from only those customers who elect to participate.” (Emphasis added.)

<sup>35</sup> PG&E Revised Testimony, p. 1B-14.

<sup>36</sup> *Id.*

<sup>37</sup> See § 2833 (1) (Participating customers shall pay a renewable generation rate established by the commission, *the administrative costs of the participating utility, and any other charges the commission determines are just and reasonable to fully cover the cost of procuring a green tariff shared renewables program's resources* to serve a participating customer's needs). (Emphasis added.)

1           **B.     SCE Should Track and Account for All Revenues and**  
2           **Costs to Ensure Recovery of Actual Costs and Full**  
3           **Transparency and Auditability**

4           Q. What does ORA recommend for tracking and accounting of Green Rate and  
5 ECR costs?

6           A. ORA recommends that SCE track all revenues and costs associated with the  
7 program to ensure that all costs are recovered from program participants and to allow for  
8 transparency and auditing of all revenues and costs.

9           Q. What guidance does SB 43 provide for tracking and accounting for the  
10 programs?

11          A. SB 43 requires that “[a] participating utility shall track and account for all  
12 revenues and costs to ensure that the utility recovers the actual costs of the utility’s green  
13 tariff shared renewables program and that all costs and revenues are fully transparent and  
14 auditable.”<sup>38</sup>

15          Q. How does SCE plan to meet this requirement?

16          A. SCE proposes to establish a new two-way balancing account, the Green Rate  
17 Balancing Account (GRBA), to record the difference between actual revenues collected  
18 and actual revenue requirements based on recorded costs.<sup>39</sup> Those costs will include  
19 incremental O&M and purchased power-related expenditures related to Green Rate  
20 activities.<sup>40</sup> The GRBA would be subject to audit and review, similar to other SCE  
21 balancing and memorandum accounts.<sup>41</sup> SCE proposes to use the same structure and  
22 account for the ECR program and while some costs may be distributed to both Green  
23 Rate and ECR participants, others may be allocated to a specific program.<sup>42</sup>

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<sup>38</sup> Public Utilities Code Section 2833(q).

<sup>39</sup> SCE Green Rate Testimony, pp. 51-54.

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> SCE Community Renewables Testimony, p. 19.

1 Q. Does ORA support this method of tracking and accounting?

2 A. ORA supports the use of balancing and tracking accounts to track and audit  
3 program costs so that any costs for the program are fully recovered from participants.  
4 However, as discussed in the next section, it is not clear that SCE will be tracking all  
5 costs for any ratepayer-funded resources used in promotion of the programs and fully  
6 reimbursing ratepayers.

7 Q. Does ORA have other concerns with SCE's proposal?

8 A. Yes. As previously discussed in section II, incremental procurement for  
9 replacement RPS resources could have a different cost than resources being sold to Green  
10 Rate subscribers. This difference must be tracked and addressed to ensure appropriate  
11 cost recovery from program participants.

12 **C. SCE Should Charge Customers a Rate That is Cost Based**  
13 **and Fully Compensatory**

14 Q. What costs has SCE neglected to attribute to the programs?

15 A. SCE will train its employees to carry out the program, provide them office  
16 space, give them supplies and equipment, and pay their salaries. SCE's ratepayers have  
17 funded all of these resources and personnel costs. While SCE includes some  
18 administrative and marketing costs,<sup>43</sup> it does not account for all costs attributable to the  
19 programs. SCE has not included the costs of buildings and equipment used for the  
20 program and funded by existing ratepayers.<sup>44</sup> It does not expect to require incremental

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<sup>43</sup> SCE Response to ORA DR 001, Q.21 ("SCE's cost estimate for the incremental labor portion of all administrative costs include full loaders for Pensions and Benefits, and Administrative and General expenses. A corporate-wide average paid absence rate was also added to the labor estimate for those costs that are forecast using a unit volume estimate. Project management costs did not include paid absence since it was not a unit volume based estimate. Cost estimating details can be referenced in the "Green Rate Admin Cost workpapers UPDATED" attached to the response to Question 1.").

<sup>44</sup> SCE Response to ORA DR 001, Q.22 ("The costs of buildings and equipment are not included in the administrative cost estimate for the Green Rate program. Supply cost for marketing and education materials were separately detailed and included in the administrative cost estimate. Building and equipment costs were excluded because they are fixed, and *do not create incremental costs for non-participating customers.*") (Emphasis added.)

1 staff time to market the Green Rate program to non-residential customers.<sup>45</sup> SCE also  
2 proposes to utilize existing procurement processes for the incremental renewable  
3 procurement that results from the Green Rate program and at this point, it forecasts  
4 incremental O&M cost for procurement and management and procurement  
5 administration of the Green Rate Portfolio to be zero.<sup>46</sup>

6 Q. What costs does ORA recommend be recorded in the GRBA that SCE has  
7 neglected to include?

8 A. ORA requests clear direction from the Commission that *all* costs caused by the  
9 program – even if they represent partial use of labor, equipment and infrastructure  
10 already bought and paid for by ratepayers – be transparently tracked and recovered from  
11 GTSR participants. Just as equipment, supplies and personnel obtained solely for the  
12 GTSR program must be billed to the GTSR, so program costs resulting from partial use  
13 of equipment, supplies, buildings and personnel funded by ratepayers must be recovered  
14 from GTSR participants. SCE should record all costs related to the program, including  
15 corporate overhead, employee benefits, administrative costs, marketing expenditures,  
16 procurement costs, and integration costs.<sup>47</sup>

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<sup>45</sup> SCE Response to ORA DR 002, Q.15 (“SCE does not expect to require incremental SCE staff time to market the Green Rate program to non-residential customers. Therefore, SCE expects the incremental marketing, education, and outreach administration cost to be zero.”).

<sup>46</sup> SCE Response to ORA DR 001, Q.7 (“SCE proposes to utilize existing procurement processes for the incremental renewable procurement that results from the Green Rate program. At this point, incremental O&M cost for procurement and management of the Green Rate Portfolio is forecasted *to be zero.*”) (Emphasis added.)

SCE Response to ORA DR 002, Q.3 (“SCE anticipates that by utilizing existing procurement tools, additional procurement processes will not be required. Therefore, SCE expects the procurement administration incremental cost *to be zero.*”) (Emphasis added.)

<sup>47</sup> This list is exemplary and may not be inclusive of all costs that should be charged to the program.

1           **D.     SCE Should Administer the Green Rate and ECR**  
2           **Programs Through or as if Through an Affiliate to**  
3           **Prevent Subsidization of the Program by**  
4           **Nonparticipating Ratepayers**

5           Q. How else might SCE ensure that all costs are recovered from participants,  
6 rather than nonparticipating ratepayers?

7           A. SCE could administer the programs through a separate affiliate. As PG&E  
8 witness Alvarez admitted at the hearing on PG&E/SDG&E's programs,<sup>48</sup> separation  
9 would ensure that program participants pay costs for the GTSR programs, rather than  
10 hiding behind the implausible claim that by using existing personnel and resources the  
11 cost will be zero for program participants, as SCE has done.

12          Q. If the Commission does not require a separate affiliate, what does ORA  
13 suggest?

14          A. In the event that the Commission does not order SCE to administer the  
15 proposed programs through an affiliate, the Commission should require SCE to  
16 administer the proposed programs (if approved) *as if* through an affiliate and have  
17 separate staff administer the Green Rate and ECR programs, independent of those  
18 administering general bundled ratepayer services. With regard to customer care (or  
19 service), at start-up, SCE's programs will require a great deal of staff time and effort,  
20 answering customer questions and promoting the program to SCE's customer base.  
21 Using existing staff to perform this work will take resources from nonparticipating  
22 customers who do not sign up for the programs. Indeed, it is likely that because these  
23 programs are new, each participating customer will use a proportionately higher share of  
24 SCE staff time than do existing customers on standard bundled service. Thus, the  
25 reduction in staff time and other resources for bundled customers could be significant,  
26 which is why it is essential that all SCE staff time and resources attributed to the Green  
27 Rate and ECR program be carefully tracked and recovered from program participants.

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<sup>48</sup> ORA Post Hearing Brief, p. 43.

1 Another option would be for SCE to abide by certain requirements the Commission  
2 imposed on Southern California Gas Company (SoCal or SoCalGas) in similar  
3 circumstances. I discuss these requirements in the next section of my testimony.

4 **VI. COMPETITIVE NEUTRALITY**

5 **A. Administer the Green Rate and ECR Programs in a Way**  
6 **that Ensures Fair Competition.**

7 Q. Introduce your testimony in this section.

8 A. In this section, I discuss the need for SCE to administer the Green Rate and  
9 ECR programs in a way that ensures fair competition. Specifically, ORA advocates that  
10 SCE adhere to the Commission’s CCA Code of Conduct and Affiliate Transaction Rules.

11 Q. What do you mean by “fair competition”?

12 A. SCE should not use its monopoly status, ready access to customer lists,  
13 dominance in the market or other benefits of incumbency and monopoly to harm  
14 competitors who wish to offer similar products or services to customers.

15 Q. Discuss the relevance of fair competition with respect to maintaining ratepayer  
16 indifference through the GTSR program.

17 A. In 1997 the Commission initiated a rulemaking to “establish standards of  
18 conduct governing relationships between California’s...electric utilities and their  
19 affiliated, unregulated entities providing energy and energy-related services...”<sup>49</sup> At that  
20 time, the Commission was determining how to ensure fair competition in a deregulated  
21 electric industry, with explicit concern for preventing the IOUs and their affiliates from  
22 gaining unfair competitive advantages through cross-subsidization of products and  
23 services. The Commission stated the following in D.97-12-088:

24 In this proceeding, the Commission and the parties are spending a great  
25 deal of time and resources developing rules to *prevent cross-subsidization*  
26 *and market power abuse between a utility and its affiliate....* As a result of

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<sup>49</sup> R.97-04-011 / Investigation (I.)97-04-012 Order Instituting Rulemaking to Establish Standards of Conduct Governing Relationships Between Energy Utilities and Their Affiliates, [ftp://ftp.cpuc.ca.gov/gopher-data/energy\\_division/affiliate/R9704011\\_I9704012.doc](ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/affiliate/R9704011_I9704012.doc), filed April 9, 1997.

1 the rules adopted in this decision, in combination with existing affiliate  
2 transaction rules, we have developed a body of regulation to prevent such  
3 abuses.

4  
5 We do not wish to adopt a mechanism by which *the utility can circumvent*  
6 *these rules by offering the products or services itself instead of through an*  
7 *affiliate*, especially when the utility’s offering is for a competitive or  
8 potentially competitive service and might interfere with the development of  
9 a competitive market. Significantly, *we recognized* in the SoCalGas ...  
10 decision *the utility’s market power*:

11  
12 We also note SoCal’s argument that the Commission should presume that if  
13 SoCal does not currently offer a service, it cannot have market power with  
14 respect to it, and it is therefore a competitive service. *By the very nature of*  
15 *SoCal’s monopoly position in the energy and energy services market, its*  
16 *access to comprehensive customer records, its access to an established*  
17 *billing system, and its “name brand” recognition, it may be that SoCal*  
18 *enjoys significant market power with respect to any new product or service*  
19 *in the energy field. (Id. at 63; emphasis added.)*<sup>50</sup>

20  
21 Q. Did the 2000-01 Energy Crisis change the ability of energy service providers  
22 to serve retail customers?

23 A. The energy restructuring of the late 1990s failed, yes, but there are still  
24 opportunities for competition in retail energy services, such as CCAs.

25 Q. Are there rules about competition between IOUs and CCAs?

26 A. Yes; the Affiliate Transaction Rules and the CCA Code of Conduct and  
27 Expedited Complaint Procedure adopted by the Commission in D.12-12-036 (CCA Code  
28 of Conduct) both serve to level the competitive playing field somewhat. SCE has stated  
29 that it will adhere to the CCA Code of Conduct and ORA urges the Commission to  
30 include this requirement in its final decision on this case.

31 Q. Why do you think these rules are relevant here?

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<sup>50</sup> D.97-12-088 Opinion Adopting Standards of Conduct Governing Relationships Between Utilities and Their Affiliates, issued December 16, 1997, pp. 89-90.

1           A. Because, as I discuss below, the SCE’s programs may directly compete with  
2 existing and future CCA program offerings, the CCA and Affiliate Transaction rules  
3 should apply.

4           Q. Given that SB 43 directs the IOUs to propose and potentially administer GTSR  
5 programs, how do you propose that SCE’s programs insure against unfair competition?

6           A. The most effective way to insure against unfair competition would be for SCE  
7 to use a separate affiliate to offer its Green Rate and ECR programs so that all costs and  
8 overhead are completely separate for the programs and the SCE’s standard bundled  
9 service. In the event that the Commission does not order SCE to administer the proposed  
10 programs through an affiliate, the Commission should nevertheless require SCE to  
11 administer the proposed programs (if approved) *as if* through an affiliate and to abide by  
12 the principles embodied in the Affiliate Transaction Rules.

13           Q. Is there precedent for such action?

14           A. Yes - two recent decisions in SoCalGas’ application for a biogas conditioning  
15 and upgrading service (BCS) tariff and SoCalGas’ application for a gas compression  
16 upgrading service tariff.<sup>51</sup> The Commission’s intent to uphold the principles of the  
17 Affiliate Transaction Rules, even though it permitted SoCalGas to provide this new  
18 service, is clear in D.13-12-040:

19                   Taken together, [P.U.C. §§ 701, 454, and 740.8] require the  
20 Commission to balance among the goals of promoting the  
21 development of alternative renewable energy resources, reducing air  
22 pollution, and *preventing unfair competition by utilities with non-*  
23 *utility enterprises.*<sup>52</sup> (Emphasis added.)

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<sup>51</sup> D.12-12-037 Decision Granting Application to Establish a Compression Services Tariff Subject to Certain Ratepayer Protections and to Rules to Ensure Fair Competition, issued December 27, 2012 in A.11-11-011, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M040/K653/40653068.PDF>; and D.13-12-040 Decision Adopting Joint Settlement Agreement and Granting Southern California Gas Company’s Application to Establish a Biogas Conditioning and Upgrading Services Tariff, issued December 26, 2013 in A.12-04-024, adopted decision and attachments available at <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=84257339>. ORA was an active party in this proceeding and a signing Party to the adopted settlement.

<sup>52</sup> *Id.* at 23-24.

1 Q. Does the GTSR statute contain a similar requirement to separate expenses for  
2 GTSR and bundled offerings?

3 A. Yes. In terms of accounting, SB 43’s requirement that “[a] participating utility  
4 shall track and account for all revenues and costs to ensure that the utility recovers the  
5 actual costs of the utility’s green tariff shared renewables program and that all costs and  
6 revenues are fully transparent and auditable” is entirely consistent with the principle of  
7 separation as reflected in the Affiliate Transaction Rules.<sup>53</sup> The general cost recovery  
8 requirements of D.13-12-040 and D.12-12-037 could be utilized for the Green Rate and  
9 ECR programs. These requirements include the following, adapted to SCE and the  
10 programs in this case:

- 11 i. SoCalGas shareholders shall bear the risk associated with providing the  
12 BCS Tariff. SoCalGas ratepayers not participating in BCS projects  
13 shall bear no costs or risks from the provision of the biogas  
14 conditioning and upgrading services.
- 15 ii. Incremental costs and revenues associated with providing the BCS  
16 Tariff shall be excluded from base rates determined in SoCalGas’  
17 general rate case proceedings. BCS Tariff costs shall be excluded from  
18 future rate cases and costs associated with the provision of the BCS  
19 Tariff shall be recovered only from BCS Tariff customers or SoCal Gas  
20 shareholders.
- 21 iii. SoCalGas shall establish balancing and tracking accounts to track the  
22 BCS Tariff project costs so that costs for any ratepayer-funded  
23 resources used in promotion or delivery of biogas conditioning or  
24 upgrading services are fully reimbursed to ratepayers.
- 25 iv. BCS Tariff costs not recovered from BCS Tariff customers shall be  
26 borne by SoCalGas shareholders.

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<sup>53</sup> Public Utilities Code Section 2833(q).

- 1 v. SoCalGas shall establish procedures to accurately identify all ratepayer  
2 funded resources used to support the BCS Tariff and their associated  
3 costs. SoCalGas shall retain all records and documentation that are  
4 related to this function.<sup>54</sup>
- 5 vi. Concerning bill inserts, this decision will preclude SoCalGas from  
6 using bill inserts to market compression services.
- 7 vii. Concerning the SoCalGas’s website and call center, this decision will  
8 adopt the policy that the web postings and marketing scripts of  
9 SoCalGas should be reviewed as part of an advice letter for the  
10 tariffing of this service to ensure that the web posting and marketing  
11 scripts do not provide an unfair advantage to SoCalGas. In particular,  
12 this decision requires the posting on the SoCalGas website of a list of  
13 others offering compression services within its territory.<sup>55</sup>

14 Q. Are there other requirements of the Affiliate Transaction Rules that you think  
15 are relevant to the SCE’s program offerings here?

16 A. Beyond the explicit requirement of a separate affiliate implementing the Green  
17 Rate and ECR programs, the Affiliate Transaction Rules also outline several other key  
18 issues/areas that highlight the importance of nondiscrimination, transparency with respect  
19 to both marketing and record-keeping, separation, and regulatory oversight.

20 Q. What do you contend should happen here with regard to these rules?

21 A. SCE should comply fully with the Affiliate Transaction Rules if it is permitted  
22 to administer the proposed GTSR program and if the Commission does not require SCE  
23 to establish a new affiliate to administer the program. For example, in D.13-12-040 the  
24 adopted settlement requires So Cal Gas to 1) make the tariff charged to BCS customers  
25 fully compensatory and cost-based; 2) promote the BCS tariff in a competitively neutral

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<sup>54</sup> D.13-12-040, p. 11.

<sup>55</sup> D.12-12-037, p. 33.

1 way with periodic reporting to provide the Commission with ongoing oversight and  
2 adjustment as needed to avoid unfair competition; and 3) offer the BCS Tariff on a  
3 nondiscriminatory basis.<sup>56</sup>

4 Q. What about the CCA Code of Conduct mentioned above?

5 A. Many of the Affiliate Transaction Rules' principles of ensuring fair  
6 competition carry over to the CCA Code of Conduct. The Commission should require  
7 that SCE abide by these rules in their implementation and administration of their GTSR  
8 programs.

9 Q. Explain why SCE should abide by the CCA Code of Conduct with respect to  
10 its Green Rate and ECR programs.

11 A. While ORA is not aware of any CCA currently operating in SCE's territory, in  
12 order to be consistent with the Affiliate Transaction Rules, SCE should abide by the CCA  
13 Code of Conduct given that they will be offering a competitive or potentially competitive  
14 product or service.<sup>57</sup>

15 **B. For the ECR Program, Disallow SCE Affiliates From**  
16 **Participation**

17 Q. Do you have other recommendations to protect competition?

18 A. Yes. ORA recommends that the Commission disallow SCE or its affiliates  
19 from participating as a solar developer/provider in SCE's ECR program.

20 Q. What if the Commission does not adopt this recommendation?

21 A. In the event that the Commission allows a SCE affiliate to participate in the  
22 ECR programs, at a minimum, the SCE should update its Affiliate Transactions  
23 Compliance Plan to demonstrate affirmatively that it will not afford any preferential

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<sup>56</sup> D.13-12-040, Attachment A, pp.11-15.

<sup>57</sup> D.97-12-088 Opinion Adopting Standards of Conduct Governing Relationships Between Utilities and Their Affiliates, issued December 16, 1997, pp. 89-90.

- 1 treatment to such entities or otherwise facilitate unfair competition with respect to its
- 2 ECR program.<sup>58</sup>

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<sup>58</sup> Affiliate Transaction Rules, Rule VI.A Compliance Plans.

# **APPENIDX A**

1 **QUALIFICATIONS AND PREPARED TESTIMONY**  
2 **OF**  
3 **XIAN MING LI**  
4

5 Q.1 Please state your name and business address.

6 A.1 My name is Xian Ming (Cindy) Li. My business address is 505 Van Ness Avenue,  
7 San Francisco, CA 94102.

8 Q.2 By whom are you employed and what is your job title?

9 A.2 I am employed by the California Public Utilities Commission as a Public Utilities  
10 Regulatory Analyst in the Electricity Pricing and Customer Programs Branch of  
11 the Office of Ratepayer Advocates (ORA).

12 Q.3 Will you please briefly state your educational background and experience?

13 A.3 I hold a Master of Science degree in Agricultural Resource Economics from the  
14 University of California Davis, and a Bachelor of Arts degree in Economics from  
15 University of California Berkeley. I joined ORA in October of 2012 and have  
16 provided analyses and comments for several Demand Response (DR) proceedings,  
17 including the previous DR Order Instituting Rulemaking (DR OIR) R.07-01-041  
18 and the current DR OIR R.13-09-011. I review all filings related to Demand  
19 Response for ORA. I served as a witness for ORA in PG&E and SDG&E's GTSR  
20 proceeding. I sponsored testimony for the case and testified on behalf of ORA in  
21 evidentiary hearings.

22 Q.4 What testimony are you sponsoring in this proceeding?

23 A.4 I am responsible for all sections of this testimony.

24 Q.5 Does this complete your testimony at this time?

25 A.5 Yes, it does.

**DECLARATION**

I declare under penalty of perjury that the attached data request responses are true and correct copies of responses served by SCE and ORA.

Executed on April 11, 10214 at San Francisco, California.

/s/ SARAH R. THOMAS

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SARAH R. THOMAS

# **APPENDIX B**

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 001**

**To:** ORA

**Prepared by:** Preparer: Amir Angha / Witness: Amir Angha

**Title:** Principal Advisor

**Dated:** 03/17/2014

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**Question 07:**

Please provide the total estimated costs to start up the Green Rate program including the total amount of renewable resources SCE intends to initially use for the Green Rate program. Please explain SCE's plan for on-going procurement of additional renewable resources for the program.

**Response to Question 07:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

SCE proposes to utilize existing procurement processes for the incremental renewable procurement that results from the Green Rate program. At this point, incremental O&M cost for procurement and management of the Green Rate Portfolio is forecasted to be zero. *See* SCE's Prepared Testimony, Exhibit SCE-1, Chapter III for a description of SCE's Green Rate Portfolio approach.

SCE will replace generation included in the Green Rate Portfolio using established and Commission-approved procurement programs and mechanisms, including but not limited to RPS solicitations, the Renewable Auction Mechanism program, the Solar Photovoltaic Program, and the Renewable Market Adjusting Tariff.

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 001**

To: ORA

**Prepared by:** Preparer: Linda Letizia / Witness: Douglas Snow

**Title:** Linda Letizia: Regulatory Project Manager / Douglas Snow: Director

**Dated:** 03/17/2014

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**Question 19:**

State whether SCE will provide a shareholder backstop for any marketing and administrative expenses of the Green Rate program not recovered from Green Rate subscribers. If not, please explain why not.

**Response to Question 19:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

No. SB 43, Public Utilities Code Section 2833(q), requires that "[a] participating utility shall track and account for all revenues and costs to **ensure that the utility recovers the actual costs of the utility's green tariff shared renewables program** and that all costs and revenues are fully transparent and auditable" (emphasis added). The operation of SCE's proposed Green Rate Balancing Account will therefore ensure that no more and no less than the actual incremental revenue requirements associated with recorded Green Rate activities are ultimately collected from only those customers who elect to participate.

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 001**

**To: ORA**

**Prepared by: Preparer: Grace Vermeer / Witness: Kathleen Sloan**  
**Title: Grace Vermeer: Case Manager / Kathleen Sloan: Principal Manager**  
**Dated: 03/17/2014**

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**Question 20:**

State whether SCE will apply any Renewable Integration Charge to current customers as well as future customers once the Commission adopts the charge.

**Response to Question 20:**

SCE objects to the Instructions in ORA Data Request, A.14-01-007, ORA-SCE001 ("Data Requests") to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

As explained on pages 17-18 and 23 of SCE's Prepared Testimony, Exhibit SCE-1, SCE will impose any non-zero renewable integration charge or adder once the Commission adopts such a non-zero integration charge or adder. SCE will apply this charge to all new and existing customers.

***Southern California Edison***  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 001**

**To: ORA**

**Prepared by: Preparer: Richard Myers / Witness: Brandi Anderson**

**Title: Richard Myers: Project Manager 2 / Brandi Anderson: Manager**

**Dated: 03/17/2014**

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**Question 21:**

State whether SCE will charge fully loaded employee expenses – including the costs of pensions and benefits – to the Green Rate program for employees who wholly or partially serve Green Rate customers or work on the Green Rate program.

If not, why not?

**Response to Question 21:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

SCE's cost estimate for the incremental labor portion of all administrative costs include full loaders for Pensions and Benefits, and Administrative and General expenses. A corporate-wide average paid absence rate was also added to the labor estimate for those costs that are forecast using a unit volume estimate. Project management costs did not include paid absence since it was not a unit volume based estimate. Cost estimating details can be referenced in the "Green Rate Admin Cost workpapers UPDATED" attached to the response to Question 1.

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 001**

**To:** ORA

**Prepared by:** Preparer: Richard Myers / Witness: Brandi Anderson  
**Title:** Richard Myers: Project Manager 2 / Brandi Anderson: Manager  
**Dated:** 03/17/2014

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**Question 22:**

State whether SCE will charge the cost of portions of buildings, equipment, and supplies used by employees who wholly or partly serve Green Rate customers or work on the Green Rate program to Green Rate subscribers. If not, why not?

**Response to Question 22:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

The costs of buildings and equipment are not included in the administrative cost estimate for the Green Rate program. Supply cost for marketing and education materials were separately detailed and included in the administrative cost estimate. Building and equipment costs were excluded because they are fixed, and do not create incremental costs for non-participating customers. Cost estimating details can be referenced in the "Green Rate Admin Cost work papers UPDATED" document attached to the response to Question 1.

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 002**

**To: ORA**

**Prepared by: Preparer: Gary Arcega / Witnesses: Amir Angha, Robert Thomas**

**Title: Gary Arcega: Project Manager / Amir Angha: Principal Advisor, Robert Thomas:  
Principal Manager**

**Dated: 03/21/2014**

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**Question 03:**

SCE states at page 22 of its testimony that “[U]sing existing procurement processes to procure the Green Rate Portfolio helps to minimize the administrative costs of the Green Rate program.” Does SCE mean that it will not charge Green Rate participants for the administrative costs related to using existing procurement processes? That is, if existing, nonparticipant ratepayers funded existing procurement processes, but a portion of those existing resources is used to serve the Green Rate program, will the Green Rate program pay for that portion? Why or why not?

**Response to Question 03:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

SCE will not be implementing new procurement processes, but will use existing processes and resources to serve procurement needs of the Green Rate program. SCE does not anticipate that additional Green Rate-specific processes will be required. SCE anticipates that by utilizing existing procurement tools, additional procurement processes will not be required. Therefore, SCE expects the procurement administration incremental cost to be zero.

*Southern California Edison*  
**Green Rate A.14-01-007**

**DATA REQUEST SET A.14-01-007 ORA-SCE 002**

**To:** ORA

**Prepared by:** Preparer: Gary Arcega / Witness: Jessica Lim

**Title:** Gary Arcega: Project Manager / Jessica Lim: Principal Manager

**Dated:** 03/21/2014

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**Question 15:**

SCE's testimony describes on page 47:14-21 several types of marketing efforts SCE representatives will make with regard to non-residential customers of the Green Rate program. From whom will SCE recover the costs of staff time attributed to marketing the Green Rate program and requests for subscriptions? State why Green Rate customers should not cover the cost of providing such information and responding to such queries, if that is SCE's position.

**Response to Question 15:**

SCE objects to the instructions in the Data Requests to the extent that the Data Requests are deemed to be "continuing in nature" and require SCE to "supplement" its response, because such an instruction is overly burdensome and oppressive. To the extent that SCE has information that is responsive to a particular non-objectionable data request as of the due date, then SCE will provide it. SCE will not supplement its responses to the Data Requests after the due date, however, unless ORA submits another data request seeking an update. Subject to and without waiving the foregoing objections, SCE responds as follows:

SCE does not expect to require incremental SCE staff time to market the Green Rate program to non-residential customers. Therefore, SCE expects the incremental marketing, education, and outreach administration cost to be zero.