



The current of the Valley

Connections

Summarizing Regional Energy Issues and News

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Energy Watch

What's Due From State's Energy Market Manipulation?

Washington, February 3

With the approval of the Federal Energy Regulatory Commission, the California Independent System Operator (CAISO) has begun the first phase in the final determination of what money may be reallocated or refunded due to manipulation of the California electricity markets.

CAISO is rerunning its trade-settlement figures for each day from October 2, 2000, to June 20, 2001. CAISO will provide FERC with baseline cost figures for energy transactions that scheduling coordinators moved through the CAISO system during the central period of the energy crisis. FERC will then use this information to decide who is owed what.

CAISO staff members expect to be finished with a preparatory rerun sometime in April and would complete the refund rerun this summer. CAISO will make a compliance filing at FERC upon the completion of each of these processes.

CAISO is to file monthly reports with FERC as to the status of the project. In addition, the grid operator must inform FERC monthly of its anticipated completion date for the preparatory and refunds reruns projects. The first report was due February 10.

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Interest Grows Among Cities

Twelve of the 14 cities surrounded by the Kings River Conservation District have now officially expressed interest in KRC D Power's Community Choice Aggregation (CCA) electrical energy concept.

Joining the effort during the past month were the cities of Clovis, Dinuba, Fowler, Kingsburg, Sanger, San Joaquin and Selma.

Council members in another city, Hanford, reacted favorably about KRC D Power and CCA during a workshop session but had to delay action on a letter of interest to a later regular session.

David Orth, KRC D General Manager, said that meetings are being pursued with City of Fresno staff members and council members with a formal council presentation targeted in March.

KRC D Power is also planning meetings with county leaders.

Previously, council members in Corcoran, Kerman, Lemoore, Parlier and Reedley authorized letters of interest.

Not a single negative vote has been cast at the city level, support that gratifies KRC D's board and management.

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Community Choice Aggregation

Utilities Talk About CCA Informational Issues

San Francisco, January 15

California's three investor owned utilities (IOUs) discussed their views on Community Choice Aggregation (CCA) during a recent workshop.

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E) described current California Public Utility Commission (CPUC) standards on providing information to prospective CCA applicants.

The IOUs in turn received input from a number of cities and counties considering CCA regarding the information they would like to receive. Local agencies also requested that the IOUs provide estimated level of cost for assembling and furnishing the information.

A key issue addressed was how much detail and what kind of information should be provided by the IOUs. The IOUs are advocating the same types of information originally approved by the CPUC as part of direct access proceeds in the late 1990s.

The 15/15 Rule (adopted by the CPUC in D.97-10-031 [Direct Access]) requires that any aggregated information provided by the utilities must be made up of at least 15

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PG&E Bankruptcy Bill Advances

Sacramento, February 2

Senate Bill 772 by Senator Bowen was heard in the Assembly Utilities and Commerce Committee. The bill would permit the CPUC to authorize the issuance of bonds secured by a dedicated rate component to finance a portion of the PG&E bankruptcy related debts.

The bill was passed by the Assembly Utilities and Commerce Committee, although many amendments will be made in Appropriations later this month. The amendments will address irrigation districts' concerns, and the Greenfield issue (undeveloped parts of cities or counties where the investor owned utilities (IOUs) do not presently have any service because there are no customers).

Legislators promised to "work on" the issue of a city annexing PG&E territory and not having to pay the exit fee for energy they never received.

Energy Bill Reductions?

Washington, February 7

Federal Senate Energy and Natural Resources Chairman Pete Domenici (R-N.M.) says he would reduce the cost of the energy bill significantly and submit a leaner bill to the Senate floor later this month. Domenici plans to keep the measure's main provisions intact. Domenici also said he was disappointed that President Bush's proposed fiscal 2005 budget would cut funding for the Office of Science by two percent, and that "the decision to decimate nuclear energy R&D [is] short-sighted."

A tighter budget could undermine efforts to construct new nuclear power plants and implement improved waste strategies.

KRCD Power Connections

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Cities, continued

"There is recognition that KRCD Power is well positioned to add value and reliability to our energy supplies with the potential of significant savings to customers and local government," Orth said.

KRCD directors plan to devote much of their March meeting to reviewing progress to date in the CCA effort.

A series of workshops on technical and legal issues of CCA will soon be scheduled by KRCD Power for council and staff members of the various cities. County officials may also be involved.

If the CCA project advances, a formal memorandum of understanding would eventually be negotiated between KRCD Power and each local agency.

The CCA process is being considered under provisions of AB 117, a measure signed into law in 2002. It permits cities and counties to aggregate electrical energy loads of residents and business customers, and municipal facilities, for purchases of electricity from an entity other than investor owned utilities.

Orth continues to caution interested cities and counties that the California Public Utilities Commission's current rulemaking process could stymie CCA hopes and advantages if fees placed on users leaving the current utility's system are set too high or made too restrictive.

CCA, continued

customers, and a customer's load must be less than 15% of an assigned category. If the number of customers in the compiled data is below 15, or if a single customer's load is more than 15% of the total data, categories (such as rate classes) must be combined before the information is released.

Workshops participants questioned whether confidentiality rules adopted in the direct access implementation proceeding, and in particular, the 15/15 rule, should or should not apply to information provided to CCAs in this proceeding because the CCAs are public entities.

The IOUs believe the 15/15 rule should apply in this proceeding. The IOUs maintained that customer confidentiality should be preserved when information is provided on an aggregate level, because individual customers are not consulted in advance of IOUs providing this information.

Exit Fee Cost Model Review Begins

Sacramento, February 17

The California Department of Water Resources (DWR) has released a preliminary CCA cost responsibility surcharge (CRS) model for review by interested parties.

This model is the first step in determining what the exit fees or CRS will be for Community Choice Aggregation Programs.

Utilities Must Provide Information

Sacramento, February 16

The CPUC has directed investor owned utilities (in D.03-07-034) to provide certain information to cities and counties contemplating formation of a CCA.

This information is to be provided within five business days at no charge. Beyond the "for free" data, the CPUC also contemplates that the IOUs would provide other information to cities and counties for a fee and directed the IOUs to file tariffs to recover these costs from the requesting city or county. The IOUs expect to file these tariffs as part of the current proceeding.

Third CCA Workshop

San Francisco, February 25

The CPUC has announced it will conduct a third CCA workshop on Tuesday, March 2.

Plans call for the session to continue to understanding of the CRS model and the development of a CRS tailored to CCAs.

Issues that may be addressed include allocation of CRS by service territory, CCA and customer class; cost responsibility surcharge (CRS) cost components and relevance to CCAs; ongoing modifications to the CRS to reflect changing costs; utility procurement rules and obligations to serve; renewable portfolio standard and applicability to CCAs.