



The current of the Valley

Connections

Summarizing Regional Energy Issues and News

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Energy Watch

California Public Utilities Commission

At the CPUC's January 27 meeting, it approved the three Investor-Owned Utilities taking over the administration of energy-efficiency programs worth \$400 million per year. Though controversial, the decision passed 3-0. Consumer groups and cities planning to form community choice aggregators had pressed for an independent administrator, an idea the commission promoted several years ago.

Also during its January 27 meeting, the CPUC approved a decision outlining which demand-response programs the IOUs may use this year. Pacific Gas & Electric, Edison and San Diego Gas & Electric are to cut peak demand through non-emergency, demand-response programs, with the ultimate goal of shaving 5 percent off the state's peak-energy demand by 2007. For 2005, the reduction goal is 3 percent, or 450 megawatts for PG&E, 628 megawatts for Edison and 125 megawatts for SDG&E.

The decision approves a statewide Base Interruptible Program, lowers the demand level for eligibility from 500 kilowatts to 200 kilowatts, and waives the 12-month commitment requirement for new customers who sign up prior to summer 2005. All customers with loads of 200 kilowatts and more are to have interval meters installed and be on time-of-use rates, under the decision, which also continues the statewide demand-bidding program in which 202 megawatts are currently enrolled.

Councils Approve Further CCA Investigations

To date, eight cities — Kerman, Dinuba, Fresno, Reedley, Selma, Corcoran, Lemoore, and Clovis — have approved entering into a Memorandum of Understanding to cost-share further evaluation of the feasibility of implementing a Community Choice Program with KRCD. Four more cities and one county will consider the MOU in upcoming meetings in March and April.

The purpose of the MOU agreement is to complete a final financial analysis to determine the cost savings of KRCD's Community Choice Program to each participating entity.

If the program is found to be beneficial to the participants, the next step is to file a Community Choice Aggregation implementation plan with the California Public Utilities Commission.

Community Choice Aggregation

Phase 2 CCA Hearings Have Begun

On February 3, President Peevey and Administrative Law Judge Malcolm issued a Scoping Ruling for phase 2 issues in the California Public Utilities Commission's community choice aggregation rulemaking. The Ruling schedules a series of procedural dates and workshops on Cost Responsibility Surcharge (CRS) and other CCA implementation issues. A prehearing conference is scheduled for March 30, 2005. According to the ruling, the issues the Commission will explore in workshops are as follows:

Workshop 1 - CRS Vintaging - This workshop will explore the package of liabilities each CCA should assume considering that Department of Water Resources and utility liabilities will change over time. The utilities should be prepared to discuss the assumptions underlying their updated CRS forecasts;

Workshop 2- Open Season Procedures and Policies - This workshop will focus on how the utilities should conduct open seasons. Several parties addressed this issue in Phase 1. The proposals described in Phase 1 will form the basis for discussion of more detailed procedures and policies for CCA open seasons;

Workshop 3- Tariffs - This workshop will explore the utilities' proposed tariffs for all aspects of the CCA programs, including operations, rates and charges, and services. The objectives of this workshop are threefold: (1) to assure parties understand the utilities' proposals and how they would inter-relate with CCA operations and programs; (2) to determine whether and how parties dispute elements of the proposed tariffs, and; (3) to promote agreement and compromise among the parties on disputed tariff elements;

Workshop 4- CCA Implementation Plans - This workshop will explore the procedures and nature of the Commission's review of CCA implementation plans, which must be submitted to the Commission in compliance with AB 117; and

Community Choice

Workshop 5- Credits and Liability for In-Kind Power - This workshop will explore whether and how a CCA could take delivery of or get credit for DWR or utility power that is the source of a liability calculated in the CCA's CRS.

All five workshops are scheduled to take place in March. Following the workshops, testimony and hearings, if needed, are scheduled through the end of May. KRCD will continue to monitor the proceedings and provide oral or written testimony if needed.

City of Cerritos Will Aggregate

The City of Cerritos will soon be able to launch its plan to provide electricity to local residents and businesses, under a decision by the CPUC. The commission approved an agreement Cerritos signed with Southern California Edison (Edison) that allows the city to become a community choice aggregator. AB 80, signed by Governor Gray Davis in 2002, guarantees the city's right to provide electricity to city residents and businesses as long as the 42-megawatt Magnolia Power Plant is constructed and operational.

The gas-fired plant, now under construction in Burbank, is owned by the Southern California Public Power Authority. The city will receive power from the plant through "take or pay" contracts with the power authority. The plant is expected to be online this spring. Under Edison's agreement with Cerritos, the city will pay Edison a cost-responsibility surcharge (CRS) to cover its customers' share of the costs of long-term power contracts the state signed on behalf of Edison customers during the 2000-2001 energy crisis. The city will pay the same CRS that direct-access customers currently pay pending a final CRS the CPUC plans to set for community-choice aggregators later this year.

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Energy Watch, continued

Federal Legislative Updates

The Senate has confirmed Samuel W. Bodman as head of the Department of Energy. The unanimous consent vote came less than a week after the Energy and Natural Resources Committee unanimously approved his nomination. Bodman was deputy secretary of the Treasury last year. Before that, he was deputy secretary of the Commerce Department.

President George W. Bush issued a call for a comprehensive energy bill in his State of the Union address. He reminded members of Congress that he gave them an energy package four years ago. The ENRON bill, Electricity Needs Rules and Oversight Now, would amend the Federal Power Act to prohibit manipulation of wholesale power markets. Cosponsored by Senators Dianne Feinstein (D-California), Jeff Bingaman (D-New Mexico) and Patty Murray (D-Washington), the bill bans "any manipulative or deceptive [practice] . . . in connection with the purchase or sale of electric energy . . . or transmission services."

State Legislative Developments

Freshman California Senator Joe Simitian (D-Palo Alto) has joined with Senate President Pro Tem Don Perata (D-Oakland) to introduce SB 107, which would move the state's renewables portfolio standard goal to 20 percent by 2010. The bill also requires the California Energy Commission (CEC) to establish a renewable-energy credit-trading program. Simitian's bill leaves it up to the CEC to confer with other states in the Western Electricity Coordinating Council transmission systems to develop mechanisms and protocols for verifying renewable energy credits and to prevent double counting. Simitian's bill requires municipal utilities to report their progress on the Renewable Portfolio Standard goal to the CEC, and directs the CEC to prepare a report for the governor and the Legislature by January 1, 2007 on "how to incentivize each local publicly owned electric utility to implement and enforce renewables portfolio standard program requirements." SB 107 would require utilities that are not able to procure enough renewable energy to meet the goal to buy renewable-energy credits instead.

California Energy Commission

California Energy Commissioner Arthur Rosenfeld has been appointed and sworn in to serve another 5-year term on the CEC. Rosenfeld was first appointed to the commission by Governor Gray Davis in 2000, and has been instrumental in developing energy-efficiency goals and programs. For his second term, Rosenfeld plans to focus on enforcement of building- and appliance efficiency standards, increase of funding for the commercialization of emerging technologies and continued progress on demand response. From 1994 to 1999, he served as senior adviser for the US Department of Energy's assistant secretary for energy efficiency and renewable energy.

William Keese unexpectedly announced that he is stepping down from his position as chair and member of the California Energy Commission, effective March 4. Keese made the announcement in the middle of a regularly scheduled CEC business meeting on February 2. The governor will have 30 days after Keese's last day on March 4 to appoint a successor.

California Independent System Operator Management Team

On February 11, 2005, the CAISO announced the hiring of a new CEO, and designated a new chairman and vice-chairman for its Board of Directors. Yakout Mansour, the new CEO, is a Canadian citizen, and is leaving his post Senior-Vice President for System Operation and Asset Management with the British Columbia Transmission Corporation. Mr. Mansour is an electrical engineer with over 30 years experience in power system planning and operations. The new Chairman of the Board is Mr. Kenneth Wiseman and the new vice-chair is Mr. Timothy Gage. Former Chair, Michael Kahn currently remains on the Board although his term did expire on December 31, 2004; the Governor has yet to appoint a replacement.