California Alliance for Competitive Energy Solutions

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California ISO Opens Market to New Demand Response Product

The California Independent System Operator Corporation (ISO) further opened California's power market to electricity customers, enabling them to compete alongside electricity suppliers. Beginning on August 10, registrations are being accepted by the ISO for Proxy Demand Resources (PDR). Demand response providers can now bid electricity reduction capabilities into the ISO day-ahead and real-time markets as well as provide capacity in the ISO ancillary services (reserves) market. If dispatched, the provider would reduce electricity usage and receive payment similar to a power plant. were submitted.

If dispatched, customers would reduce demand on the system by a specified number of megawatts. PDR is a flexible resource that enables all load types to participate in the ISO market, from aggregated residential loads to large industrial loads. The new PDR product will provide more choices and options for energy consumers to reduce costs and will help green the grid by assisting with the integration of renewable power.

To read this article in its entirety please go to: *http://www.electricenergyonline.com/?page=show_news&id=138370*

Inside this issue:

Senate Bill 722 Renewable Portfolio Standard

Senate Bill 722, as currently written, will cause significant harm to the retail choice market, a renewed option for California's businesses, hospitals, schools and universities that is just beginning to reemerge as a result of the Governor's signature last year on Senate Bill 695. We have been working with legislative staff to ensure that the retail choice issues are addressed, but despite our extensive efforts and outreach in that regard, amendments to the bill have not addressed these issues.

In fact, in May of 2009, Governor Schwarzenegger issued a letter to the legislative leadership that carefully and clearly laid out what his expectations are for renewable energy legislation. Very few, if any, of those expectations have been met by the current version of SB 722.

For instance, the Governor's May 2009 letter called for measures that promote the development of western-wide resources, and that the RPS program must be shaped in a manner that can be integrated into a national program.

Unfortunately, SB 722 would implement a preference for in-state renewable resources that is unachievable within a reasonable time and reasonable cost and will disadvantage California as national policies for renewable energy and greenhouse gas emission reductions are formulated.

Moreover, in the Governor's May 2009 letter, he specifically stated that an acceptable bill "must include reasonable compliance flexibility. Such flexibility for the competitive load serving entities ("LSEs"), of which ESPs are a member, is nowhere to be seen in the current version of this bill. We are urging the Governor to concerns even as he attempts remain mindful of these to reach closure with the legislature to create a 33% renewable energy requirement that will, as he stated in his May 9 2009 letter "set us on a path marked by abundant energy, environmental innovation and economic prosperity".

The Governor's leadership with respect to sound renewable energy legislation is needed now more than ever to provide the incentives for a 33% renewable energy goal that will work.

SB 1435, Plug-in Hybrid Electric Vehicles (PHEV).

SB 1435, would require the California Public Utilities Commission (PUC) to adopt regulations that would impact facilities that supply electricity to power electric vehicles or plug-in hybrid electric vehicles (PHEV).

SB 1435 states that a "well-planned" electric and PHEV infrastructure can shift a significant amount of charging to off-peak times, and states that the PUC should exercise jurisdiction over third-party electric and PHEV charging providers in order to ensure effective load management in the territories of electrical corporations. However, the CPUC already ensures effective load management in the territories of electrical corporations. Public Utilities Code Section 454 grants the PUC authority to set transmission, distribution and generation rates for all classes of customers. In addition, Public Utilities Code Section 740.2 explicitly direct the PUC to do so in the case of third-party electric service providers in a manner that will meet the goals stated in this legislation such as shifting load to off-peak times, encouraging customers to use electricity from renewable resources and promoting the use of energy efficient vehicles.

Given these existing statutes, those opposed believe that the author's intent would be best achieved by amending the bill to direct the PUC to utilize its existing authority to adopt policies to meet these goals per section 4100 of the amendments.

The CAPCOA Climate Change Forum: BRINGING CLIMATE LEADERS TOGETHER

Join these companies and organizations as they demonstrate their commitment to climate change this month in San Francisco. Only three weeks left! Plan to attend the CAPCOA Climate Change Forum, August 30-31 at the Marriott Marquis in San Francisco. For more information please visit: http://www.climatechangeforum.net/index.html.

- A123Sytems
- ACTI
- Association of Environmental Professionals
  California Building Industry Association
- California Energy Commission
- California Stationary Fuel Cell Collaborative
- Clean Energy
- Craton Equity Partners
- Cummins Westport
- EOS Climate
- Farella Braun+Martel LLP
- Grimmway Farms
- Health & Clean Air
- The Hewlett Foundation
- Huss, Inc.
- Hydrogen Energy
- ICF Jones and Stokes

In The Know…

√ Tidbits From the Commissioners Meeting of August 12, 2010

- **Funding for Seismic Studies at the Diablo Canyon Nuclear Power Plant**
  - **A10-01-014 --** Application of Pacific Gas and Electric Company for Approval of Ratepayer Funding to Perform Additional Seismic Studies Recommended by the California Energy Commission.
  - **PROPOSED OUTCOME:** Approves $16.73 million to fund seismic studies at the Diablo Canyon Nuclear Power Plant to comply with the California Energy Commission's report and Assembly Bill 1632. Application 10-01-014 is closed.
  - **ESTIMATED COST:** $16.73 million.
  - **Result: Approved by voice vote**
- **Southern California Edison Company's Seven Renewable Energy Power Purchase Agreements**
  - **Res E-4261**, Advice Letter 2339-E Filed on April 6, 2009, Advice Letter 2339-E-A Filed on May 20, 2009, and Advice Letter 2339-E-B Filed on June 10, 2010 - Related matters.
  - **PROPOSED OUTCOME:** Approves cost recovery for a long-term renewable energy power purchase agreement between Southern California Edison Company and Solar Partners I, LLC. This power purchase agreement is approved without modification. The Commission defers judgment on the Solar Partners XVI, LLC, Solar Partners XVII, LLC, Solar Partners XVIII, LLC, Solar Partners XIX, LLC, Solar Partners XX, LLC, and Solar Partners XXI, LLC power purchase agreements.
  - **ESTIMATED COST:** Costs of the power purchase agreement are confidential at this time.
  - **Result: Approved by voice vote**