
July 11, 2000

ADVICE 1466-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Emergency Modification to SCE's Voluntary Power
Reduction Credit Program to Assist in the Shortage of
Generating Capacity in the State of California.

Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing proposes to modify SCE's Voluntary Power Reduction Credit Program (VPRC) and applicable tariffs, in an effort to help alleviate this summer's shortage of generating capacity in the State of California. Specifically, this Advice filing seeks authorization to modify the revised tariff sheets listed in Attachment A.

INTRODUCTION

Shortage of Generating Capacity

When operating reserves fell below 5% of forecast demands on June 26, 27, and 28, the California Independent System Operator (CAISO) declared Stage II Emergencies on each of those days. The ISO also requested the implementation of the Utility Distribution Companies' curtailable load programs. Requests for voluntary load curtailments ranged from 240 MW to 1,200 MW during these Stage II Emergencies.

During the time frame referenced above, the CAISO experienced loads 6%-7% below their all-time peak. However, the CAISO still found it necessary to curtail load in order to maintain operating reserves. Part of the reason for such shortages under non-peak load conditions is the reduced availability of power imports. Neighboring regions (i.e. the Pacific Northwest and Southwest) have been experiencing high load growth which at times limits the availability of imports into the CAISO controlled grid. This limited import capability along with load growth in California and the lack of new generation contributes to a greater likelihood of electric supply shortages for the CAISO this summer. The CAISO recently reported a 4%-9% probability that it will require firm load curtailments this summer, in light of currently-available resources.

Five new generation projects have been approved by the California Energy Commission and are under construction. Fourteen additional generation projects are in various stages of the licensing process.

However, due to the lead-time for the planning, siting, licensing, and construction of power plants, it is unlikely that a significant amount of new generation will be available before the end of 2001. It is therefore imperative that shorter lead-time options such as energy conservation and demand side management programs be implemented to reduce the likelihood of Stage II and Stage III (rotating outage) emergencies.

PROPOSAL TO ASSIST IN ALLEVIATING THE SHORTAGES OF GENERATING CAPACITY

In an effort to help alleviate this shortage of generating capacity, SCE is proposing to increase the incentive amount paid to customers who voluntarily curtail load under the VPRC Program. The current VPRC incentive amount is equal to the Power Exchange (PX) Market Clearing Price (MCP) minus the total energy charge of the customer's otherwise applicable rate schedule. SCE is requesting authorization to increase the incentive amount paid to customers so that the incentive is equal to the MCP. These changes should result in additional participation in the VPRC and a consequent increase in voluntary load curtailment. SCE's preliminary expectation is that this change will result in an additional 32 MW of curtailable load available in 2000 and 2001 at a cost of \$1.4 million in additional incentives.

In order to accomplish these proposed modifications, it is necessary to modify the VPRC program's associated tariffs. Specifically, SCE will modify Section 11 of Schedule VPRC (see Attachment A):

Current Program Description

On April 6, 2000 the California Public Utilities Commission (Commission) approved SCE's VPRC. Through the VPRC, SCE pays a credit to participating customers who voluntarily curtail load when notified to do so during the summer months. The current credit is based on the day-ahead PX MCP less the "otherwise applicable energy charge" embedded in a customer's rate schedule.

Approximately 2,800 bundled service customers with loads greater than 500 kW are eligible to participate in the program including customers on interruptible rates. The program is also available to customers with loads less than 500 kW, if it is cost effective for the those customers to participate. The program is limited to no more than 500 MW of load reductions in any given hour. The program is effective on weekdays, from June 1 through Oct. 31, 2000, between the hours of noon and 6 p.m., when the day-ahead PX MCP for any of those hours equals or exceeds the \$250-per-MWh program activation price. Participating customers are notified by pager on days of program implementation. Customers use a program-specific web site to submit their hourly energy commitments for reducing load and are able to see their estimated credit on line.

Current Program Participation

During the first five weeks of customer enrollment, customers with a total of 70 service accounts have signed VPRC Agreements. Peak load commitments from the 13 customers eligible to participate on the June 28, 2000 VPRC Event, totaled approximately 16 MW out of a total maximum, curtailable load of 39 MW (or 42%).

The program has been activated 9 times since inception with prices ranging between 12 and 75 cents per kWh (excluding the "Otherwise Applicable Energy Charge" subtractor).

Ratemaking Treatment

SCE proposes to use the ratemaking treatment adopted in Resolution E-3560, dated April 6, 2000, which includes the establishment of a Memorandum Account to separately track both program administrative costs and incentive payments made to customers.

Measurement and Verification

SCE proposes to use the reporting mechanism already in place and adopted in Resolution E-3560, dated April 6, 2000. SCE agreed to submit: 1) an advice filing by March 31, 2001 detailing event status (date, and aggregate customer bid commitments, actual load curtailed, incentive payment, and program costs); and 2) a detailed economic analysis to determine cost, benefits, and effect on energy markets, to be submitted by February 10, 2001.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

EFFECTIVE DATE

SCE requests that the Commission approve this advice filing at its August 3, 2000 Commission Meeting. If the Commission does not issue a decision at its August 3, 2000 meeting, the proposed demand reduction efforts will be unavailable to help ameliorate the capacity shortage during a significant part of the summer. To the extent any delay beyond August 3, 2000 contributes to declaration of a Stage III emergency and rotating outages, the public welfare will be harmed. The Commission may reduce the 30-day comment period provided by PU Code § 311(g)(1) for resolutions in accordance with its rules adopted pursuant to PU Code § 311(g)(3). Pursuant to Rule 77.7 (f)(9), SCE requests that the Commission reduce the 30-day comment period due to public necessity.

In order to act by August 3, 2000, the Commission must reduce the protest period, as well as the review and comment period for the draft resolution. In order to accomplish this objective, SCE proposes the following schedule, which incorporates reductions to the normal protest period and to the review and comment period on a resolution.

Action	Due Date
File Advice Letter	7/11/2000
Protests to Advice Letter	7/21/2000
Reply to Protests	7/25/2000
Draft Resolution	7/28/2000
Comments to Draft Resolution	7/31/2000
Reply to Comments	8/2/2000

Final Resolution	8/3/2000
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NOTICE

To provide timely and adequate notice, SCE is serving this filing electronically on appearances of record in A.99-09-049. Anyone wishing to protest this advice filing may do so by letter or electronically, either of which must be received by SCE no later than 10 days after the date of this advice filing. Protests should be mailed, and sent via facsimile or electronic mail to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200
E-Mail: www.cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile to the attention of:

Donald A. Fellows
Manager of Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue, Rm. 303
Rosemead, California 91770
Facsimile (626) 302-4829
E-Mail: fellowda@sce.com

Bruce Foster
Vice President of Regulatory Operations
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile (415) 673-1116
E-Mail: fosterbc@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list and parties of record in A.99-09-049. Address change requests to the

attached GO 96-A Service List should be directed to Emelyn Lawler at
(626) 302-3985.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

Southern California Edison Company

Donald A. Fellows, Jr.

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Enclosures

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 27399-E	Schedule VPRC	Revised 26741-E**
Revised 27400-E	Table of Contents	Revised 26744-E
Revised 27401-E	Table of Contents	Revised 27389-E



Schedule VPRC
VOLUNTARY POWER REDUCTION CREDIT
(Continued)

SPECIAL CONDITIONS (Continued)

- 8. Power Reduction Commitment. Upon receipt of a Notification of Power Reduction Event, customers will respond to SCE regarding their intent to reduce energy, the duration of the energy reduction, and the amount of their hourly Committed Reducible Energy. The responses will be handled on a first-come, first-served basis. Once SCE receives the customer's Power Reduction Commitment, SCE will confirm with the customer that its Power Reduction Commitment was received. SCE will not accept Power Reduction Commitments after the earlier of 6:00 p.m. or such time SCE determines as the closing time, on the day of Notification of Power Reduction Event. If a customer submits a Power Reduction Commitment which is not accepted by SCE, it will receive notification that its commitment was not accepted. Power Reduction Commitments shall be submitted for a minimum of two consecutive hours, for a minimum of 100 kWh per hour, and shall not exceed the customer's applicable hourly CSEF, or the Maximum Reducible Energy per hour, as indicated in the Voluntary Power Reduction Agreement, for the Power Reduction Event in which the commitment was submitted.
- 9. Cancellation of Power Reduction Event. Should SCE cancel a Power Reduction Event, SCE will notify participating customers as soon as practicable. SCE may cancel an event if the published day-ahead "constrained" PX price varies, in any hour between Noon and 6:00 p.m., from the "unconstrained" PX MCP by 10 percent or greater or if the published day-ahead "constrained" PX prices, in any hour between Noon and 6:00 p.m., fall below \$250/MWh.
- 10. Recorded Reduced Energy. The Recorded Reduced Energy equals the difference between the customer's CSEF and the recorded kWhs during a Power Reduction Event.
- 11. Credit Payments. The per kWh credit amount for each Power Reduction Event will be based on the hourly published day-ahead "unconstrained" PX MCP. Credits will only apply to the portion of the Recorded Reduced Energy that falls within a +/- 50 percent bandwidth of the customer's Committed Reducible Energy. Applicable credit amounts resulting from the "unconstrained" PX MCP described above, will be posted on SCE's Internet site by 9:00 a.m. on the day preceding a Power Reduction Event. (C)
- 12. Relationship to Other Programs. Customers currently taking service under Schedule I-6 or Schedule TOU-8 with the air conditioning A/C cycling rate option (Schedule GS-APS) are eligible to receive service under this Schedule. Under no circumstances will a customer taking service under Schedule I-6 or Schedule GS-APS and this Schedule, receive more than one incentive payment for the same curtailed/interrupted load. For example, should the ISO activate an interruption or A/C cycling event or if SCE activates an A/C Cycling event, for a customer on Schedule I-6 or Schedule GS-APS, as set forth in the provisions of those Schedules, during any period that overlaps with the period of Power Reduction Event under this Schedule, no credits under this Schedule will apply and all provisions of Schedules I-6 and GS-APS shall prevail. For customers affected by an interruption or A/C Cycling event, such event will automatically cancel all provisions of this Schedule for that customer during the entire time period of the interruption or A/C cycling event. For the duration of Schedule VPRC, customers enrolled in such program shall not participate in any other interruptible load program offered by the ISO or any other non-utility load program. (C)

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