SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL Company

**Donald A. Fellows, Jr.**
Manager of Revenue and Tariffs

April 26, 2000

**ADVICE 1418-E-A**
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

**SUBJECT:** Demand Responsiveness Program, Year 2000 Rate Schedule - Experimental Schedule VPRC, Voluntary Power Reduction Credit - Supplemental

In compliance with Resolution E-3650, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are highlighted and listed on Attachment A and are attached hereto.

## PURPOSE

This advice filing establishes: (1) Experimental Schedule VPRC, Voluntary Power Reduction Credit (Schedule VPRC); (2) the Voluntary Power Reduction Credit Agreement Between Customer and Southern California Edison Company (Form 14-686); and (3) a new memorandum account entitled "Voluntary Power Reduction Credit Program Memorandum Account" to implement the Demand Responsiveness Program Year 2000, Schedule VPRC. In addition, Schedule PX, Power Exchange (Schedule PX), is being modified to reflect the approval of SCE's Demand Responsiveness Program.

This advice filing replaces Advice 1418-E in part.

## BACKGROUND

At the request of the California Public Utilities Commission's (Commission) Energy Division at the October 18, 1999 Demand Responsiveness Program Workshop, SCE filed its Demand Responsiveness Program for Year 2000 for Commission approval on November 8, 1999. Advice 1418-E was filed to establish Schedule VPRC which will allow eligible customers an opportunity to voluntarily pre-schedule energy reductions in exchange for a payment, in the form of a billing credit, on days when

P.O. Box 800 2244 Walnut Grove Ave. Rosemead, California 91770 (626) 302-8175 Fax (626) 302-4829

the published day-ahead Power Exchange (PX) "unconstrained" Market Clearing Price is $250/MWh or greater during the hours of Noon to 6:00 p.m., Monday through Friday.

On April 6, 2000, the Commission issued Resolution E-3650 which approves with modifications, the Demand Responsiveness Program for the year 2000 and its related tariffs as proposed in Advice 1418-E.

This advice filing supplements Advice 1418-E to modify the proposed Schedule VPRC, Form 14-686, Preliminary Statement Part N, and Schedule PX to comply with Resolution E-3650. Specific tariff modifications proposed in this advice filing include the following:

- Expand the eligibility of Schedule VPRC to include bundled service customers with registered demands of 500 kW and below if they meet all requirements of the schedule;

- Change the determination of the Customer Specific Energy Forecast by using historical load data or by using a *10-day* instead of a *5-day* rolling average energy usage prior to customer notification of a Power Reduction Event;

- Revise the calculation of the incentive payment by subtracting the per kWh energy charge of the otherwise applicable rate schedule from the hourly published day-ahead "unconstrained" PX Market Clearing Price;

- Clarify that under no circumstances will a customer taking service under Schedule I-6 or Schedule GS-APS *and* Schedule VPRC receive more than one incentive for the same curtailed/interrupted load;

- Modify Schedule PX to provide that the administrative costs of the Demand Responsiveness Program (Schedule VPRC) will be assigned to the PX component of customers' bills; and

- Modify Preliminary Statement, Part N, to establish the Voluntary Power Reduction Credit Memorandum Account to separately track both 1) the administrative costs of the program, and 2) incentive payments credited to participating customers' bills under the program.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule. Therefore, a resolution is not required for the approval of this filing.

## EFFECTIVE DATE

Pursuant to Resolution E-3650, Ordering Paragraph 2, this advice filing shall become effective after Energy Division has reviewed this advice letter for compliance with the Resolution.

## NOTICE

Anyone wishing to protest this advice filing may do so by letter which must be received by SCE no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200

Copies should also be sent 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

Bruce Foster
Vice President of Regulatory Operations
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile (415) 673-1116

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. 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**

Sarah Smith for

Donald A. Fellows, Jr.

DAF:eml:1418ea.doc
Enclosures

PRELIMINARY STATEMENT Sheet 3

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

| Section No. | Specified Project | Interest Bearing Memorandum Account* |
|---|---|---|
| (34) | SONGS 2&3 Permanent Closure Memorandum Account | Yes |
| (35) | SONGS 2&3 Property Tax Memorandum Account | Yes |
| (36) | Palo Verde Permanent Closure Memorandum Account | Yes |
| (37) | California Public Utilities (PU) CODE "SECTION 376" - CTC Displacement Tracking Memorandum Account | Yes |
| (38) | California Public Utilities (PU) CODE "SECTION 381 (d)" - Renewable Program Tracking Memorandum count | No |
| (39) | Rate Group Tracking Memorandum Account | No |
| (40) | Independent System Operator Revenue Memorandum Account | Yes** |
| (41) | Power Exchange Revenue Memorandum Account | Yes** |
| (42) | Unavoidable Fuel Contract Costs Memorandum | Yes |
| (43) | Hydro Generation Memorandum Account | Yes** |
| (44) | Increased Return on Equity on Divestiture Memorandum Account | Yes |
| (45) | Deemed Fossil Inventory Memorandum Account | Yes |
| (46) | Jurisdictional Allocation Memorandum Account | Yes |
| (47) | Non-nuclear Generation Capital Additions (NGCA) Memorandum Account | Yes |
| (48) | Transmission Revenue Requirement Reclassification Memorandum Account (TRRRMA) | Yes |
| (49) | Santa Catalina Island Diesel Fuel (SCIDF) Memorandum Account | Yes |
| (50) | Streamlining Residual Memorandum Account (SRA) | Yes |
| (51) | ISO/PX Implementation Delay Memorandum Account | Yes |
| (52) | Direct Access Discretionary Services Costs (DADSC) Memorandum Account (DADSC Memorandum Account) | Yes |
| (53) | Affiliate Transfer Fee Memorandum Account | Yes |
| (54) | Fuel Oil Inventory Memorandum Account (FOIMA) | Yes |
| (55) | Energy Efficiency DSM (EEDSM) Memorandum Account | Yes |
| (56) | Block-Forward Market Memorandum Account (BFMMA) | Yes |
| (57) | Power Exchange Credit Audit Memorandum Account (PXCA Memorandum Account) | Yes |
| (58) | Interim Power Exchange Market Clearing Price (IPXMCP) Memorandum Account | Yes |
| (59) | Hourly Pricing Implementation Cost (HPIC) Memorandum Account | Yes |
| (60) | Voluntary Power Reduction Credit Memorandum Account (VPRCMA) | Yes |
| (61) | Applicant Installed Trench Inspection Memorandum Account (AITIMA) | No |

* Interest shall accrue monthly to interest-bearing Memorandum Accounts by applying the Interest Rate to the average of the beginning and ending balance.

** Interest shall accrue monthly to credit balances only. See specific memorandum accounts for more information.

(Continued)

PRELIMINARY STATEMENT Sheet 93

(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

60. Voluntary Power Reduction Credit Program Memorandum Account

1. Purpose:

The purpose of the Voluntary Power Reduction Credit Program Memorandum Account (VPRCMA) is to track the administrative costs of this program and the incentive payments credited to participating customers' bills, as approved on April 6, 2000 by the Commission in Resolution E-3650.

a. Entries made to the VPRCMA will be tracked in two Subaccounts:

(1) Administrative Costs Subaccount

Entries to this Subaccount will be made on a monthly basis as ordered by Resolution E-3650.

(2) Incentive Payments Subaccount

Entries to this Subaccount will be made on a monthly basis, and shall include incentive payments credited to participating customers' bills. The incentive payments will be calculated in accordance with Special Condition 11 of Schedule VPRC.

Interest shall accrue monthly to the VPRCMA by applying the Interest Rate to the average of the beginning and ending balance.

Disposition of the amounts in this account shall be determined in the annual Revenue Adjustment Proceeding (RAP), or in any other proceeding ordered by the Commission.

(Continued)

Schedule PX Sheet 1
POWER EXCHANGE ENERGY

APPLICABILITY

Applicable to all SCE Bundled Service Customers in the calculation of the Averaged Power Exchange (PX) Energy Charge and Direct Access Customers in the calculation of the PX Energy Credit. The cost recovery mechanism reflected in this Schedule will apply to Block-Forward Market trades delivered through the end of SCE's rate freeze period. SCE's Block-Forward Market participation and cost recovery beyond the end of SCE's rate freeze period are subject to the outcome of SCE's Post-Transition Ratemaking proceeding (A.99-01-034).

The administrative costs and credit payments related to Schedule VPRC, Voluntary Power Reduction Credit, will be included in the cost recovery mechanism reflected in Schedule PX for the Summer period, June 1 through October 31, 2000.

TERRITORY

Within the entire territory served.

RATES

All charges, terms, and conditions of the customer's otherwise applicable rate schedule, or contract rate shall apply, except that the customer's total bill shall be adjusted as follows:

1. PX Energy Cost

The PX Energy Cost shall equal SCE's total hourly cost of procuring energy from the PX. The PX Energy Cost shall be calculated for each hour as the sum of the weighted average PX price paid by SCE for energy trades in the Forward Markets which include the day-ahead market, day-of or hour-ahead market, and any other trades that have been authorized by the Commission in the California Trading Services (CTS) Block-Forward Market, plus the cost of settlements for imbalance energy, plus uplift charges paid to the PX or ISO by SCE on behalf of SCE Bundled Service Customers.

a. Weighted Average of Forward Markets PX Prices

The weighted average of Forward Markets PX prices shall be calculated for each hour as the sum of the day-ahead PX price times the kWh purchased in the day-ahead energy market for that hour, plus the day-of or hour-ahead PX price times the kWh purchased in the day-of or hour-ahead energy market for that hour, plus the hourly net gain or loss on transactions for all products in the Block-Forward Market which SCE has been authorized to trade by the Commission, all divided by the total kWh purchased in all Forward Markets for that hour. SCE's Block-Forward Market trading shall be limited to an amount equal to SCE's net short position of 2,200 MW in the first and second quarters of the year, 5,200 MW in the third quarter, and 3,000 MW in the fourth quarter, and must be delivered through the day-ahead market.

(Continued)

Schedule PX Sheet 2
POWER EXCHANGE ENERGY

(Continued)

RATES (Continued)
1. PX Energy Cost (Continued)

b. Adjustment For Cost of Settlement For Imbalance Energy

An adjustment for settlement costs paid by SCE to the PX or ISO for imbalance energy shall be included in the hourly PX Energy Cost. An adjustment for the cost of imbalance energy reflects price and quantity differences between hourly purchases in Forward markets and final realized prices and quantities purchased based on PX/ISO settlement information. On the trading day on which energy consumption occurs ("transaction date"), or as soon as practicable thereafter, a per kWh adjustment amount will be calculated for each hour, based on actual prices and estimated volumes for imbalance energy. The per kWh adjustment amount for each hour will include an estimated VPRC net credit payment based on the actual hourly day-ahead unconstrained market clearing price and estimated recorded reduced energy (RRE), as described in Schedule VPRC. This estimated settlement for imbalance energy, on an hourly basis, will be included in the hourly PX Energy Cost.

Approximately 60 days following the transaction date, a per kWh adjustment amount will be calculated based on actual settlement information provided by the PX or ISO for the transaction date. The settlement information will be used to re-calculate the weighted average PX price for each hour on the transaction date. The adjustment for each hour will be calculated by subtracting the weighted average PX prices determined using estimated settlement data for imbalance energy from the weighted average PX price calculated using actual settlement costs.

c. Adjustment For Uplift Charges

An adjustment for uplift charges shall be included in the hourly PX Energy Cost. Uplift charges shall include charges for ancillary services, administrative fees, Schedule VPRC administrative costs, congestion fees, subscription fees, any additional charges not included in the charges described in Section 1.a and 1.b above that are paid to the PX or ISO by SCE for energy purchased on behalf of SCE Bundled Service Customers that are similar in nature to charges paid by Scheduling Coordinators on behalf of Direct Access Customers, and any other payments billed by CTS or the PX to SCE as required by the CTS Trading Rules and/or Participation Agreement; net of any credits, refunds, or rebates. Costs directly resulting from the PX requirements for participation in the CTS Block Forward Market which are not billed directly to SCE are tracked in the Block Forward Market Memorandum Account (BFMAA) as described in Preliminary Statement Part N(55). Costs recorded in the BFMMA will be included in the uplift charge adjustment after they are authorized for recovery by the Commission in the annual Revenue Adjustment Proceeding (RAP).

To the extent there are uplift charges that are not assessed in the Forward Markets, an hourly estimate of these uplift charges shall be calculated on or as soon as practicable after the transaction date using actual unit prices and estimated volumes. For uplift charges that are assessed on an hourly basis, the estimated hourly uplift charge shall be calculated by dividing the estimated forecast for uplift amount for each hour on the transaction date by the total kWh forecast for that hour. For uplift charges that are assessed on a non-hourly basis, the estimated hourly uplift charge shall be calculated by dividing the estimated uplift amount charged to SCE by the total kWh purchased in the period.

Uplift charges that are assessed hourly in the Forward Markets, as well as those estimated on as hourly basis, shall be added to the PX prices before the weighted average PX price is calculated as described in Section 1.a above.

(Continued)

Schedule VPRC Sheet 1

# VOLUNTARY POWER REDUCTION CREDIT

## APPLICABILITY

This experimental schedule is optional for Bundled Service customers eligible for service under Schedule TOU-8, or other optional rate schedules to Schedule TOU-8, except when the Hourly PX Pricing Option is used and except for all Real Time Pricing (RTP) rate schedules, who agree to reduce their energy use during times when certain energy market conditions exist. To be eligible for this Schedule, customers must have a meter capable of recording hourly data. Participation in this Schedule is closed for a single Power Reduction Event when the total Committed Reducible Energy in any hour of an event reaches 500 MWh. This schedule will expire on October 31, 2000.

This Schedule is also applicable on a limited basis to Bundled Service customers with registered demands of 500 kW and below and who meet all requirements of this Schedule.

## TERRITORY

Within the entire territory served.

## RATES

All other charges and provisions of the customer's otherwise applicable rate schedule shall apply, except that customers who reduce energy during a Power Reduction Event will receive a discount in the form of a credit on their bill.

### Voluntary Power Reduction Credit per kWh:

During the summer season and pursuant to the provisions of Special Condition 11, a credit amount based on the Recorded Reduced Energy will be applied to the total charges of the customer's otherwise applicable rate schedule billing. The customer will be notified of the amount of the credit per kWh, in accordance with Special Condition 11 of this Schedule, when the customer is notified by SCE of an upcoming scheduled Power Reduction Event. The credit per kWh amount may vary, per hour, for each Power Reduction Event and is only applicable for the duration of such event.

(Continued)

Schedule VPRC Sheet 3
VOLUNTARY POWER REDUCTION CREDIT

(Continued)

SPECIAL CONDITIONS (Continued)

5. Customer Specific Energy Forecast. The amount of average energy usage forecast specific to each customer is the CSEF. The CSEF is used to determine the customer's Recorded Reduced Energy for each Power Reduction Event. The CSEF will be determined by using historical load data or by using a 10-day rolling average energy usage prior to customer notification of a Power Reduction Event, as indicated below.

   a. CSEF based on Historical Load Data. Participating customers with historical load data, which must include data for two full prior summer seasons, will be supplied with a CSEF table determined using such data. A CSEF table will indicate a CSEF amount for each hour (Noon through 6 p.m.) and for each day of the week. The CSEF amounts are determined by using historical load data considering days which were 85 degrees and above, as recorded at the L.A. Civic Center, for the prior two summer seasons. The CSEF table can be used by the customer as a benchmark to determine the amount of Committed Reducible Energy from which it commits to reduce during a Power Reduction Event. The CSEF will be specified on Attachment A of Form 14-686.

   b. CSEF based on 10-Day Rolling Average Energy Usage. Participating customers with historical load data, as described in paragraph (a) above, may elect the 10-day rolling average energy usage method for SCE to determine their CSEF. However, for participating customers with historical load data that fluctuates by 30 percent or greater and for customers whose historical load data does not include the prior two full summer seasons, SCE must calculate their CSEF using this method. Under this method, the CSEF will be calculated based on the rolling average of 10 days of uninterrupted, non-holiday weekday recorded hourly load data for the period prior to each Notification of Power Reduction Event. The CSEF will be determined by SCE at the time the customer is billed following a Power Reduction Event. The CSEF may vary for each hour and for each Power Reduction Event.

6. Duration of Power Reduction Event. Each Power Reduction Event will be activated for six consecutive hours (Noon through 6:00 p.m.), Monday through Friday. All times are daylight savings times.

7. Required Communication Equipment. Customers must acquire and install communication equipment, at customer's expense, to receive Notification of Power Reduction Event(s) and to submit Power Reduction Commitment(s). Such equipment must be operational, as determined by SCE, before service will be provided under this Schedule.

(Continued)

Schedule VPRC Sheet 4
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 minus the applicable total kWh energy charge of the customer's otherwise applicable rate schedule. 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 minus the applicable energy charge, as described above, will be posted on SCE's Internet site by 9:00 a.m. on the day preceding a Power Reduction Event.

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.

(Continued)

Sheet 0

VOLUNTARY POWER REDUCTION CREDIT AGREEMENT
BETWEEN CUSTOMER AND SOUTHERN CALIFORNIA EDISON COMPANY (SCE)

FORM 14-686

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May 17, 2000

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Attn: Jerry Royer, Energy Division
Energy Division

Re: Substitute Sheet for Advice Letter 1418-E-A

Dear Mr. Royer:

Enclosed is Attachment A and substitute Sheet No. 26741-E** for Advice 1418-E-A (Demand Responsive Program, Year 2000 Rate Schedule-Schedule VPRC, Voluntary Power Reduction Credit). The enclosed substitute sheet includes additional language in Special Condition 12 of Schedule VPRC that was proposed by SCE and approved by James Hendry of the Energy Division following various e-mail and telephone communications between James Hendry and Lisa Vellanoweth and James Yee of SCE during the period of May 8, 2000 through May 17, 2000. The proposed language is with respect to customer participation in other interruptible load programs offered by other entities.

These changes are to accommodate Ordering Paragraph 3 of Resolution E-3650, dated April 6, 2000, which orders the utilities to identify and/or propose necessary safeguards to prevent customers from receiving more than one payment for the same curtailed load.

Please replace the enclosed substitute sheet in your master Advice 1418-E-A file and distribute copies to the appropriate distribution list for this advice filing. If you have any questions, please contact Renee Vazquez at (626) 302-2077.

Sincerely,

Enclosures
cc: James Hendry, CPUC Energy Division

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July 19, 2000

California Public Utilities Commission
505 Van Ness Avenue, Room 4005
San Francisco, CA 94102

Attn: Jerry Royer, Energy Division
Energy Division

Re: Substitute Sheets for Advice Letter 1418-E-A

Dear Mr. Royer:

Enclosed is an original and six copies of Attachment A and substitute Sheet Nos. 26736-E*[1] and 26737-E* for Advice 1418-E-A. The enclosed substitute sheets are necessary because it was not possible for SCE to anticipate with certainty the effective date of multiple Advice Letters affecting the same tariff sheets. In this case, Advice 1427-E and Advice 1418-E-A were effective out of chronological order.

Both substitute sheets mentioned above are necessary to reflect information approved in Advice 1427-E; however, the Advice 1427-E changes to Section 1.b being incorporated in Sheet No. 26737-E* of Advice 1418-E-A have also resulted in the need to make a slight change to the language originally submitted in Advice 1418-E-A that was filed pursuant to Resolution E-3650.

Please replace the enclosed substitute sheets in your master Advice 1418-E-A file and distribute copies to the appropriate distribution list for this advice filing. If you have any questions, please contact Renee Vazquez at (626) 302-2077.

Sincerely,

Enclosures
cc: James Hendry, CPUC Energy Division
Service List

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[1] Asterisk denotes substituted sheet.