

---

November 19, 1999

**ADVICE 1419-E**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Establishment of the Interim Power Exchange Market  
Clearing Price Memorandum Account to Track Information  
Associated With Qualifying Facilities Making the One-Time  
Election to Receive Energy Payments Based On Power  
Exchange Market Clearing Prices

In compliance with the California Public Utilities Commission (Commission) Decision No. 99-11-025 (D.99-11-025), 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 revises SCE's Preliminary Statement, Part N, Memorandum Accounts, to reflect the establishment of the Interim Power Exchange Market Clearing Price (IPXMCP) Memorandum Account to track information associated with the one-time election by a Qualifying Facility (QF) to receive energy payments based on Power Exchange (PX) market clearing prices, as authorized in D.99-11-025.

Additionally, this advice filing revises the Special Conditions of Schedule TOU-8, Time-Of-Use, General Service - Large for the inclusion of the requirements ordered in D.99-11-025.

**BACKGROUND**

In general, short-run avoided cost (SRAC) energy prices paid to non-utility power generators by public utilities are based upon a benchmark energy price adjusted for changes over time in a gas index, as described in Decision 96-12-028 and provided

for in Public Utilities Code (PUC) §390(b). Section 390(c), however, allows QFs to make a one-time election to thereafter receive energy payments based on the PX market-clearing price. The statute does not otherwise define the market-clearing price and states that electing QFs must provide appropriate notice to the utilities.

On July 1, 1999, several QFs (Moving Parties) filed a motion requesting the Commission to approve market-based energy payments for QFs making the one-time election under PUC §390(c). On November 4, 1999, the Commission adopted D.99-11-025 which granted the Moving Parties' motion, subject to a true-up. The Commission recognized the necessity of the true-up to ensure that market-based energy payments made on an interim basis to QFs making the one-time election do not over- or under-compensate such QFs when those payments are compared to payments that would have been made using the pricing methodology ultimately adopted by the Commission in the Section 390 proceeding.

D.99-11-025 authorizes the utilities to establish a tracking account to track information associated with the one-time election by a QF to receive market-based energy payments. By this advice filing, SCE proposes the establishment of the IPXMCP Memorandum Account to track information associated with the one-time election by a QF to receive market-based energy payments. This memorandum account will track the day-ahead zonal price paid to each QF making the one-time election, the kilowatt hours delivered by such QFs, and any separate capacity payments made to such QFs.

Additionally, Schedule TOU-8 is being revised to reflect the methodology that will be used for those QFs electing to receive market-based energy payments.

### **REASONABLENESS**

Market-based energy payments made by SCE pursuant to D.99-11-025 are reasonable and fully recoverable in rates through the QF entries in SCE's Transition Cost Balancing Account (TCBA). Once these amounts recorded in the TCBA are reviewed and approved by the Commission in the Annual Transition Cost Proceeding, or its successor, SCE will request elimination of the IPXMCP Memorandum Account in a future Revenue Adjustment Proceeding, or its successor.

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

**EFFECTIVE DATE**

In compliance with Finding of Fact No. 8 and Ordering Paragraph 6 of D.99-11-025, SCE requests that this advice filing become effective as of November 4, 1999. No resolution is required for this filing; therefore, approval of this item is not subject to the review and comment provisions of Senate Bill 779.

**NOTICE**

Anyone wishing to protest this advice filing may do so by sending a letter 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 mailed to the attention of the Director, Energy Division, Room 4004 (same address above), and Donald A. Fellows, Manager of Revenue and Tariffs, Southern California Edison Company, 2244 Walnut Grove Avenue, Rosemead, California 91770, Facsimile (626) 302-4829. 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 R.94-04-031/I.94-04-032. Address change requests 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.

DAF:eml:1419e.doc  
Enclosures

cc: GO 96-A Service List  
R.94-04-031/I.94-04-032

<u>Cal. P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal. P.U.C. Sheet No.</u>
Revised 26756-E Original 26757-E Revised 26758-E	Preliminary Statement, Part N Preliminary Statement, Part N Schedule TOU-8	Revised 26002-E* ----- -E Revised 23897-E
Revised 26759-E Revised 26760-E	Table of Contents Table of Contents	Revised 26548-E Revised 26746-E

PRELIMINARY STATEMENT  
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

2. Definitions. (Continued)

d. Specified Project (Continued)

<u>Section No.</u>	<u>Specified Project</u>	<u>Interest Bearing Memorandum Account*</u>
(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" - Restructuring Implementation 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

(N)  
(N)

\* 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  
(Continued)

N. MEMORANDUM ACCOUNTS (Continued)

58. Interim Power Exchange Market Clearing Price (IPXMCP) Memorandum Account

a. Purpose

The purpose of the IPXMCP Memorandum Account is to track information associated with the one-time election by a Qualifying Facility (QF) to receive energy payments based on Power Exchange (PX) market clearing prices, as authorized in D.99-11-025. As provided in that decision, the amounts recorded in the tracking account are subject to a true-up based on the methodology ultimately adopted by the Commission in the Section 390 proceeding.

b. Accounting Procedure

SCE shall maintain the IPXMCP for tracking, among other things, the following information:

- (1) The PX market-clearing price for short run avoided cost (SRAC) energy paid by SCE to any QF making the one-time election, where the "PX market-clearing price" means the hourly energy price by zone applicable to the location of the electing QF as published by the PX for its day-ahead energy market;
- (2) The kilowatt hours delivered by the QF; and
- (3) Any separate capacity payments made by SCE to the QF.

Market-based energy payments made by SCE pursuant to Decision No. 99-11-025 are reasonable and fully recoverable in rates through the QF entries in SCE's Transition Cost Balancing Account (TCBA). Once these amounts recorded in the TCBA are reviewed and approved by the Commission in the Annual Transition Cost Proceeding, or its successor, SCE will request elimination of the IPXMCP Memorandum Account in a future Revenue Adjustment Proceeding, or its successor.

c. Interest

Interest on any amounts owed or owing by SCE following the true-up will be calculated using the most recent month's interest rate of Commercial Paper, published in the Federal Reserve Statistical Release, G.13.



Schedule TOU-8  
TIME-OF-USE  
GENERAL SERVICE - LARGE  
(Continued)

Sheet 9 of 16

SPECIAL CONDITIONS (Continued)

15. Qualifying Facilities Time Periods: Time Periods for power purchase payments to a cogeneration or small power production source which meets the criteria for a Qualifying Facility as defined under 18 CFR, Chapter 1, part 292, subpart B of the Federal Energy Regulatory Commission regulations and whose power purchase payments are based on the time-of-use periods set forth in this schedule, shall be as defined under Special Condition No. 1 herein, except that: 1) consistent with the effective dates listed in the table below, the summer season shall commence at 12:00 a.m. on June 1 and continue until 12:00 a.m. on October 1 of each year; 2) consistent with the effective dates listed in the table below, the winter season shall commence at 12:00 a.m. on October 1 of each year and continue until 12:00 a.m. on June 1 of the following year; 3) for the winter season a Super Off-Peak time period of midnight to 6:00 a.m., everyday, shall apply.

The Summer and Winter Season modifications defined above shall become effective for each Qualifying Facility based on its date of Firm Operation (or initial operation for non-firm Qualifying Facilities) as shown on the table below. Qualifying Facilities that began operation after the end of the Summer Season will be considered to have begun operation in the next year.

<u>Firm Operation</u>	<u>Effective June 1</u>
1985 and prior years	1994
1986	1993
1987	1992
1988	1992
1989	1993
1990	1994
1991	1993
1992 and years beyond	1992

Qualifying Facilities may elect, on a one-time basis, to receive metered kWh hourly deliveries rather than the above time periods. Those Qualifying Facilities not electing to make this change shall continue to receive power purchase payments for energy and capacity based on time-of-use and seasonal periods as defined above. (N) | (N)

(Continued)



TABLE OF CONTENTS  
(Continued)

Sheet 5 of 17

RATE SCHEDULES  
(Continued)

<u>Schedule</u>	<u>Title of Sheet</u>	<u>Cal. P.U.C.</u>
<u>No.</u>		<u>No.</u>

GENERAL SERVICE/INDUSTRIAL  
(Continued)

TOU-8	General Service - Large..... 23889-23890-23891-23892-23893-23894-23895-E .....26518-26758-23898-23899-26270-25763-25764-25765-23904-E	(T)
TOU-8-CR-1	General Service - Large Contract Rate 1, Incremental Sales ..... 26458-23906-26271-25766-E	
TOU-8-RTP	Time-of-Use, Real Time On-Peak Demand Charge, General Service, Large .. 23909-23910-23911-23912-23913-23914-23915-23916-26519-23918-23919-E ..... 23920-26272-25767-25768-25769-23925-E	
TOU-8-SOP	Time-of-Use, General Service - Large, Super Off-Peak . .. 23926-23927-23928-23929-23930-23931-23932-26520-23934-23935-26273-E ..... 25770-25771-25772-23940-E	
TOU-8-SOP-I	Time-of-Use, General Service - Large - Super Off-Peak - Interruptible .. 23941-23942-23943-23944-23945-23946-23947-26521-23949-26274-25773-E ..... 25774-25775-E	
TOU-8-SOP-RTP	Time-of-Use, Real Time On-Peak Demand Charge, General Service, Large, Super Off-Peak..... 23954-23955-23956-23957-23958-23959-23960-E .....23961-26522-23963-23964-26275-25776-25777-25778-23969-E	

AGRICULTURAL/PUMPING

AP-I	Agricultural and Pumping - Interruptible .....23970-23971-26523-26276-23974-E	
PA-1	Power - Agricultural and Pumping (Connected Load Basis)..... 23975-26524-E .....26525-23978-23979-26277-25779-E	
PA-2	Power - Agricultural and Pumping (Demand Basis)..... 23982-23983-23984-E ..... 26526-23986-26278-25780-E	
PA-RTP	Agricultural and Pumping - Large, Real Time Pricing..... 23989-23990-23991-E ..... 23992-26527-26279-25781-23996-25507-23998-E	
TOU-PA	Time-of-Use, Agricultural and Pumping ..... 23999-24000-24001-24002-E ..... 24003-26528-26280-25782-25783-24008-E	
TOU-PA-3	Time-of-use, Agricultural and Pumping.....24009-24010-24011-24012-24013-E ..... 26529-26281-25784-24017-E	
TOU-PA-4	Time-of-Use, Agricultural and Pumping, Demand Metered ..... 24018-24019-E ..... 24020-24021-24022-26530-26282-25785-24026-E	

(Continued)



TABLE OF CONTENTS

Sheet 1 of 17

Cal. P.U.C.  
Sheet No.

TITLE PAGE ..... 11431-E

TABLE OF CONTENTS - RATE SCHEDULES ..... 26760-26328-26081-26082-26759-26084-E (T)

TABLE OF CONTENTS - LIST OF CONTRACTS AND DEVIATIONS ..... 26744-E

TABLE OF CONTENTS - RULES ..... 26340-E

TABLE OF CONTENTS - BASELINE REGIONS ..... 26725-E

TABLE OF CONTENTS - SAMPLE FORMS ..... 26745-25429-25430-25477-25378-25429-25430-E  
..... 25381-E

PRELIMINARY STATEMENT:

A. Territory Served ..... 22909-E

B. Description of Service ..... 22909-E

C. Procedure to Obtain Service ..... 22909-E

D. Establishment of Credit and Deposits ..... 22909-E

E. General..... 22909-24193-24194-E

F. Symbols ..... 24194-E

G. NOT IN USE

H. Baseline Service ..... 11457-20329-11880-11881-11461-E

I. NOT IN USE

J. NOT IN USE

K. NOT IN USE

L. NOT IN USE

M. Income Tax Component of Contributions ..... 16039-24573-E

N. Memorandum Accounts ..... 21344-26001-26756-22358-24196-22360-26003-24800-E (T)  
..... 21800-21801-25868-21803-22369-22370-22371-22372-22373-22374-21121-E  
..... 24956-22375-22376-21843-21243-21787-21846-21847-21848-21849-21850-21851-E  
..... 21852-21853-21854-25204-26004-22379-26005-21960-22046-22047-22546-23702-E  
..... 23703-23406-23200-23201-23202-23203-23204-23205-23206-23207-23208-23209-E  
..... 23210-23211-23212-23213-26006-24197-23216-24198-26325-24199-23220-23221-E  
..... 23222-23223-24200-23225-23226-23227-23228-24882-24244-24477-24812-22380-E  
..... 24201-24202-22621-22622-24272-26007-26096-26108-26314-26757-E (N)

O. California Alternative Rates for Energy (CARE) Adjustment Clause  
..... 23704-22161-21350-21351-26008-22163-E

P. Optional Pricing Adjustment Clause (OPAC)..... 20625-20626-24169-22165-20629-E

(Continued)