

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



March 1, 2012

Advice Letters 2601-E and 2601-E-A

Akbar Jazayeri
Vice President, Regulatory Operations
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

**Subject: Implementation of Net Surplus Compensation for Eligible Net
Energy Metering Customers**

Dear Mr. Jazayeri:

Advice Letters 2601-E and 2601-E-A are effective September 22, 2011 per Resolution E-4422.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division

August 8, 2011

ADVICE 2601-E-A
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Supplement to Implement Accounting for Net Surplus
Compensation Payments to Eligible Net Energy Metering
Customers

In compliance with Decision (D.)11-06-016, Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets and new filed form are listed on Attachment A and attached hereto.

PURPOSE

SCE proposes to modify Preliminary Statement, Part ZZ, to include entries associated with Net Surplus Compensation (NSC) payments to Net Energy Metering Customers. The advice filing supplements in part Advice 2601-E, which implemented Net Surplus Compensation pursuant to Assembly Bill (AB) 920 and California Public Utilities Commission (Commission) D.11-06-016.

BACKGROUND

AB 920 revised Public Utilities (PU) Code Section 2827 to require the Commission to adopt, by January 1, 2011, a net surplus electricity compensation valuation and to authorize compensation for net surplus electricity generated and delivered to the grid by an eligible customer-generator. The revised Section 2827 requires electric utilities to offer a standard contract or tariff to eligible customer-generators that includes compensation for the value of the net surplus electricity.

On June 9, 2011, the Commission adopted D.11-06-016 (Decision) to implement provisions for the NSC program required under AB 920 and pursuant to PU Code Section 2827. In the Decision, among other things, the Commission:

- Adopts a net surplus compensation rate for net surplus energy based on an average of market energy prices¹ over the 12 months corresponding to the customer's relevant period; and
- Requires that eligible customers with relevant periods ending in January 2011 and thereafter be compensated for net surplus energy once the Commission has approved advice filings required in the Decision.

SCE filed Advice 2601-E to revise Schedule NEM and Schedule MASH-VNM to accommodate NSC pursuant to PU Code Section 2827 and the Decision. Effective with Commission approval, eligible customers may receive payments (in the form of either check or bill credit) for net surplus energy purchased by SCE.

PROPOSED TARIFF CHANGES

NSC payments provided to eligible NEM customers will be recorded as purchased power costs. As with other purchased power costs, SCE proposes to record the amount of the NSC payments in its existing Energy Resource Recovery Account (ERRA). SCE has attached the required modification to its Preliminary Statement, Part ZZ, ERRA, to include a debit entry to record payments made to NEM customers for their net surplus energy. Part ZZ, Section 3, is modified to include;

- cc. A debit entry equal to power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period. Power purchase payments may include additional compensation for renewable attributes where applicable.*

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.

TIER DESIGNATION

Pursuant to D.11-06-016, Ordering Paragraph 3, this advice letter is submitted with a Tier 3 designation.

EFFECTIVE DATE

This advice filing will become effective upon Commission approval. The rates and processes included herein will be used to compensate eligible net surplus generators with relevant periods ending January 1, 2011 or thereafter.

¹ Pursuant to the Decision, NSC payments may eventually include additional compensation for renewable attributes.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: inj@cpuc.ca.gov and mas@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 or electronically to the attention of:

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President of Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@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 4 of General Order (GO) 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, A.10-03-001, and R.10-05-004 service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with PU Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact James Schichtl at (626) 302-1707 or by electronic mail at James.Schichtl@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:js:jm
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: James.Yee@sce.com

E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
 PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2601-E-A

Tier Designation: 3

Subject of AL: Supplement to Implement Accounting for Net Surplus Compensation to Eligible Net Energy Metering Customers

Keywords (choose from CPUC listing): Compliance, Forms, Customer-Owned Generation

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.11-06-016

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? Yes No

Requested effective date: upon Commission approval

No. of tariff sheets: -3-

Estimated system annual revenue effect: (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement Part ZZ and Table of Contents

Service affected and changes proposed¹: _____

Pending advice letters that revise the same tariff sheets: None

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
inj@cpuc.ca.gov and mas@cpuc.ca.gov

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President, Regulatory Affairs
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@sce.com

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 48858-E	Preliminary Statement Part ZZ	Revised 48217-E
Revised 48859-E	Table of Contents	Revised 48742-E
Revised 48860-E	Table of Contents	Revised 48390-E

PRELIMINARY STATEMENT

Sheet 5

(Continued)

ZZ. ENERGY RESOURCE RECOVERY ACCOUNT (Continued)

3. Operation of the ERRA (Continued):

Entries to the ERRA shall be made on a monthly basis as follows: (Continued)

- u. A credit entry equal to the proceeds received (net of book cost) from the sale of sulfur dioxide (SO₂) credits.
- v. A debit entry equal to the cost associated with the purchase of sulfur dioxide (SO₂) allowances.
- w. A debit equal to costs related to congestion charges and CRRs.
- x. A credit equal to congestion revenue and CRRs.
- y. A debit equal to costs associated with CAISO convergence bidding.
- z. A credit equal to CAISO convergence bidding revenues.
- aa. A debit entry equal to costs related to Tradable Renewable Energy credits (TRECS).
- bb. A credit entry equal to the proceeds of the sale of TRECS.
- cc. A debit entry equal to power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period. Power purchase payments may include additional compensation for renewable attributes where applicable. (N)

The sum of (a) through (cc) equals the activity recorded in the ERRA each month. (T)

Interest shall accrue monthly to the ERRA by applying the Interest Rate to the average of the beginning and ending monthly ERRA balances.

(Continued)

(To be inserted by utility)

Advice 2601-E-A
 Decision 11-06-016

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Aug 8, 2011
 Effective Sep 22, 2011
 Resolution _____



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(To be inserted by utility)
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(To be inserted by utility)

Advice 2601-E-A
 Decision 11-06-016

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