

SB 350 Clean Up
Summary of issue

Problem: In the IRP amendments taken on 9/4, the removal of 'renewable integration' in specifying the costs passed on to all customers is not consistent with the Cost Allocation Mechanism (CAM) language also taken on 9/4 and.....

As amended on 9/4, an electric corporation could recover the total costs of *all incremental resources*. To ensure consistency with the CAM provision, the intent of this language should be to ensure that **only renewable energy integration costs** are borne by all ratepayers. The Commission already has authority in Section 365.2 to recover the net costs of resources needed for system reliability. As renewable integration resources will provide the utility with energy, capacity, and other benefits, only the net costs of these resources should be passed on. **Use of net, rather than total costs, is consistent with Section 365.2's treatment of cost recovery for reliability-related resources and should be used here. Both of these sections are pasted below.**

- **Was it the intent of the Administration to pass on all costs, not just costs associated with Integration resources? Given the agreement on the CAM language, we assume it was not.**
- **CCA customers are already paying for Integrated Resource Costs and this amendment puts CCAs at risk by double counting.**

Section 454.51 CAM Language

- (a) Ensure that the **net** costs of any incremental **renewable energy integration** resources procured by an electrical corporation to satisfy the need identified in subdivision (a) are allocated on a fully nonbypassable basis consistent with the treatment of costs identified in paragraph (2) of subdivision (c) of Section 365.1.

Section 454.52 IRP Language (illustrating the amendments take on 9/4).

- (b) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the ~~renewable integration~~ costs are allocated in a fair and equitable manner to all customers consistent with 454.51, that there is no cost-shifting among customers of load-serving entities, and that community choice aggregators may ~~self-provide these self-provide renewable integration~~ resources consistent with Section 454.51.

NEEDED FIX:

Section 454.52 IRP Language

(b) To the extent that additional procurement is authorized for the electrical corporation in the integrated resource plan or the procurement process authorized pursuant to Section 454.5, the commission shall ensure that the **renewable integration** costs are allocated in a fair and equitable manner to all customers consistent with 454.51, that there is no cost-shifting among customers of load-serving entities, and that community choice aggregators may self-provide renewable integration resources consistent with Section 454.51.