BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies Underlying Long-
Term Procurement Plans.

Rulemaking 08-02-007
(Filed February 14, 2008)

COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS
ON MRTU-RELATED PROCUREMENT IMPLEMENTATION ISSUES

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October 24, 2008
COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS ON MRTU-RELATED PROCUREMENT IMPLEMENTATION ISSUES

The Alliance for Retail Energy Markets (AReM) respectfully submits these comments, in accordance with the Assigned Commissioner’s Ruling and Scoping Memo on the 2008 Long-Term Procurement Proceeding, Phase I, issued by President Michael Peevey on August 28, 2008 (“August Ruling”). The August Ruling required the investor-owned utilities (“IOUs”) to submit proposals regarding implementation of the California System Operator’s (“CAISO”) Market Redesign and Technology Upgrade (“MRTU”) project addressing Congestion Revenue Rights (“CRRs”), Virtual Bidding and other MRTU-related issues. The IOUs filed by these proposals on October 3, 2008. AReM’s comments support an element of the proposal filed by San Diego Gas & Electric Company (SDG&E).2

I. AReM SUPPORTS SDG&E’S PROPOSED LTPP RULE TO REQUIRE THE IOUS TO RELEASE THE CONGESTION REVENUE RIGHTS ASSOCIATED WITH THE CALIFORNIA DEPARTMENT OF WATER RESOURCES CONTRACTS WHEN THOSE CONTRACTS TERMINATE

SDG&E requests that the Commission adopt an eminently reasonable rule in the Long-Term Procurement Plan (“LTPP”) proceeding that would require the IOUs to release the congestion revenue rights (“CRRs”) associated with their California Department of Water

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1 AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in California's direct access market. The positions taken in this filing represent the views of AReM but not necessarily those of individual members of AReM or the affiliates of its members with respect to the issues addressed herein.

2 San Diego Gas & Electric Company’s Proposals and Comments Regarding CRR/Virtual Bidding/Additional MRTU Concerns, R.08-02-007, October 3, 2008.
Resources ("CDWR") contracts when those contracts terminate. As SDG&E explains, this action would make the released CRRs available to all load-serving entities ("LSEs") for nomination in the CRR allocation process. AReM strongly supports SDG&E’s proposal. A continuing concern of AReM has been the ability of some LSEs to hold onto their valuable CRRs through the Priority Nomination Process ("PNP"), especially when the underlying contract supporting the initial CRR allocation has terminated. By requiring that the IOUs not renew their DWR-related CRRs through the PNP once their DWR contracts terminate, all LSEs, including the IOUs, would have an equal chance to obtain a proportionate share of those CRRs. As SDG&E argues, this approach restores some fairness to a system that is currently weighted in favor of the CRR “haves.”

II. CONCLUSION

For the reasons stated above, AReM respectfully requests that the Commission:

- Adopt SDG&E’s proposed LTPP rule to require the IOUs to release CRRs associated with their DWR contracts when those contracts terminate.

Respectfully submitted,

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Date: October 24, 2008

3 Ibid at 9.
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing *Comments of the Alliance For Retail Energy Markets on MRTU-Related Procurement Implementation Issues* on all parties of record in R.08-02-007 by serving an electronic copy on their email addresses of record and, for those parties without an email address of record, by mailing a properly addressed copy by first-class mail with postage prepaid to each party on the Commission’s official service list for this proceeding.

This Certificate of Service is executed on October 24, 2008, at Woodland Hills, California.

[Signature]

Michelle Dangott
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