

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.

Rulemaking 17-06-026
(Filed June 29, 2017)

**COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON THE ORDER AND
PRELIMINARY SCOPING MEMO**

**INDEPENDENT ENERGY PRODUCERS
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Dated: July 24, 2017

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The Independent Energy Producers Association (IEP) respectfully submits these comments on the Order instituting this proceeding and the preliminary scoping memo set forth in the Order.

Consistent with Rule 6.2 of the Commission's Rules of Practice and Procedure, IEP states that it has no objection to the category, need for hearing, or schedule set forth in the preliminary scoping memo. However, IEP has some about some of the issues presented in the preliminary scoping memo.

IEP is concerned that some passages in the preliminary scoping memo suggest that the Commission, in this rulemaking, could take action that would have the effect of undermining existing power purchase agreements between power producers and investor-owned utilities (IOUs). For example, the list of issues in section 4.2 in the preliminary scoping memo section of the Order refers to optimization of IOU portfolio management to minimize stranded costs and gives the example of contract renegotiations. Also, the issues related to alternatives to the PCIA framework include assignment of IOUs' contracts to Community Choice Aggregators

or Electric Service Providers. Parties to contracts are always free to voluntarily renegotiate or agree to assign contracts, but IEP is concerned that some parties might take the wording these issues as an invitation to advocate more prescriptive action in this proceeding.

The Commission should be careful not to tamper with the balance of risks, obligations, and compensation that parties have agreed to in existing contracts. If the Commission imposes additional risk on power producers beyond the risks allocated to them under a power purchase agreement, that increased risk could in the future result in higher power prices to compensate sellers for absorbing that increased risk. The goal of reforming the PCIA and reducing stranded costs should not lead to actions that unnecessarily increase the cost of providing electric service to customers.

For these reasons, IEP respectfully suggests that another Guiding Principle should be added to the list in section 4.1 of the Order:

The terms of existing power purchase agreements between power suppliers and IOUs should be respected. Sellers of power under existing power purchase agreements should not be required to accept greater risks than the level of risk allocated to them under the power purchase agreement. Any renegotiation of existing power purchase agreements should be undertaken voluntarily by the parties to the agreement, and assignments of the agreement should be accomplished only as provided in the agreement.

Respectfully submitted July 24, 2017 at San Francisco, California.

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