

**Competitive Solicitation Framework Working Group
Spectrum of Oversight, Time Requirements and Role Coordination Sub-Team
Meeting #3
July 7, 2016, 1-3pm, CPUC Hearing Room E**

Worksheet 1

Informal stakeholder position checklist to guide discussion on **need and procurement authorization**.

Stakeholder Name _____

- The following matrix helps determine which authorization method is best suited for DER deferral using RFOs.

	a) yes	b) no
1. Does contract approval result in a new rate? General Order (GO) 96-B section 5.2.	If yes, then file an application unless meet exception under GO 96-B section 5.1. See step 2, 3 to further consider the advice letter authorization by Commission Order.	Consider advice letter process, proceed to step 2.
2. Advice letters - Is the utility request expected to be controversial, raise important policy questions or require evidentiary hearings?	If yes, likely need an application.	Continue to step 3.
3. Should the working group recommend a Commission order in the DRP to authorize DER deferral procurement authorizations by advice letter?	If yes, then proceed to Advice Letter categorization.	If no, then recommend approval by application.

Which box applies best to DER Deferral procurement authorization? (e.g., 3.b means “approve by application”) _____

Which box applies best applies to DER deferral contract approval? _____

2. Which category of advice letter/application is suitable for various portions of the DER deferral process? Pick one for column.

	Need Authorization	Contract Approval
Tier 1 Option 1 - Industry Rule 5.1(3) A change in a rate or charge pursuant to an index or formula that the Commission has approved for use in an advice letter by the Utility submitting the advice letter, not including the first time the Utility uses that index or formula. This Industry Rule does not cover a change in a methodology, such as a methodology approved by the Commission for use by a Utility for performance-based ratemaking.		
Tier 1 Option 2 - Industry Rule 5.1(4) A Contract that conforms to a Commission order authorizing the Contract, and that requests no deviation from the authorizing order (e.g., a gas storage Contract in exact conformity with Decision 93-02-013).		
Tier 2 Option 1 - Industry Rule 5.2.(1) A change in a rate or charge pursuant to an index or formula that the Commission has approved for use in an advice letter by the Utility submitting the advice letter but that the Utility has not used previously for this purpose. This Industry Rule does not cover a change pursuant to a methodology, such as a methodology approved by the Commission for use by a Utility for performance-based ratemaking.		
Tier 2 Option 2 - Industry Rule 5.2(4) A request relating to a substation or power line under Section III.B.1 of General Order 131.		
Tier 3 Option 1 - Industry Rule 5.3(4) Except for a change that may be submitted by advice letter pursuant to Industry Rules 5.1(1), 5.1(3), 5.1(7), 5.2(1), or 5.2(2), a change that would result in an increase to a rate or charge or a more restrictive term or condition, which change has been authorized by statute or by other Commission order to be requested by advice letter.		
Tier 3 Option 2 - Industry Rule. 5.3(5) Except as provided in Industry Rule 5.1(4) and in (8) of this Industry Rule, a Contract or other deviation. (See also Industry Rule 7.)		

Tier 3 Option 3 Industry Rule 5.3(9) A change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter, such as an annual performance review for performance-based ratemaking as approved by the Commission for the Utility submitting the advice letter.		
Application		

3. Timing Requirements

Assume the following timelines for comparison purposes.

Tier 1, 2 Advice Letters (0-6 months)

Tier 3 Advice Letters (6 months – 1 year)

Applications (18 months)

RFO (1 year)

Example Processes:

- a. Annual Procurement Plan (App)– RFO – Tier 1, 2 Advice Letter
(18 months +1 year+6 months = 2 years)
- b. Tier 3 Advice Letter – RFO – Application
(1 year +1 year+18 months = 2.5 years)
- c. (Use Case/ Pro Forma) Tier 1,2 Advice Letter – RFO – Tier 3 Advice Letter
(6 months +1 year+1 year = 2.5 years)
- d. (Use Case/ Pro Forma) Tier 1,2 Advice Letter – RFO – Tier 1,2 Advice Letter
(6 months +1 year+1 year = 2.5 years)

Please use the following chart to help work out your preferred procedural process and indicate your preference in the space below.

	Need Determination	RFO	Contract Authorization	Total Time
Tier 1, 2				
Tier 3				
Application				
			Total Time:	

Type of Contracts

RFO Process

Process Length

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Reference Materials for Need and Procurement Authorization

General Order 96-B

5. Use of Advice Letters

5.1 Matters Appropriate to Advice Letters

The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions. The advice letter process does not provide for an evidentiary hearing; a matter that requires an evidentiary hearing may be considered only in a formal proceeding.

The primary use of the advice letter process is to review a utility's request to change its tariffs in a manner previously authorized by statute or Commission order, to conform the tariffs to the requirements of a statute or Commission order, or to get Commission authorization to deviate from its tariffs. A utility may also request relief by means of an advice letter where the utility:

- (1) has been authorized or required, by statute, by this General Order, or by other Commission order, to seek the requested relief by means of an advice letter; or
- (2) requests modification of a Commission resolution addressing a prior advice letter of the utility. See General Rule 7.2. To request an extension of time to comply with such resolution, see General Rule 7.8.

A utility may seek a rate increase by means of an advice letter only if use of an advice letter for this purpose is authorized by statute or Commission order.

5.2 Matters Appropriate to Formal Proceedings

A utility must file an application, application for rehearing, or petition for modification, as appropriate, in the following circumstances:

- (1) The utility requests modification of a decision issued in a formal proceeding or otherwise seeks relief that the Commission can grant only after holding an evidentiary hearing, or by decision rendered in a formal proceeding;
- (2) The utility seeks Commission approval of a proposed action that the utility has not been authorized, by statute, by this General Order, or by other Commission order, to seek by advice letter; or
- (3) The utility seeks to challenge a Commission resolution addressing an advice letter (1) A change in a rate or charge pursuant to an index or formula that the Commission has approved for use in an advice letter by the Utility submitting the advice letter but that the Utility has not used previously for this purpose. This Industry Rule does not cover a change pursuant to a methodology, such as a methodology approved by the Commission for use by a Utility for performance-based ratemaking.

Except as provided in General Rule 5.1, a utility must file an application to seek approval of a rate increase; a change to its tariffs; or an alteration of any classification, contract, practice, or rule as to result in a new rate.

General Order 96-B

Industry Rule 5. Tier Classifications for Advice Letters

A Utility submitting an advice letter shall designate the appropriate tier, based on the content of the advice letter. A Tier 1 or Tier 2 advice letter is subject to disposition under General Rule 7.6.1; a Tier 3 advice letter is subject to disposition under General Rule 7.6.2.

5.1 Matters Appropriate to Tier 1 (Effective Pending Disposition)

A matter appropriate to Tier 1 may be designated by a Utility in its advice letter as effective pending disposition. (For advice letters pursuant to General Rule 8.2.3, see Industry Rule 5.3.) Matters appropriate to Tier 1 are:

- (1) A tariff change in compliance with specific requirements of a statute or Commission order where the wording of the change follows directly from the statute or Commission order.
- (2) A non-substantive editorial change to the text of a tariff, such as correcting a typographical error. A non-substantive change does not affect a rate, charge, term, or condition under the tariff.
- (3) A change in a rate or charge pursuant to an index or formula that the Commission has approved for use in an advice letter by the Utility submitting the advice letter, not including the first time the Utility uses that index or formula. This Industry Rule does not cover a change in a methodology, such as a methodology approved by the Commission for use by a Utility for performance-based ratemaking.
- (4) A Contract that conforms to a Commission order authorizing the Contract, and that requests no deviation from the authorizing order (e.g., a gas storage Contract in exact conformity with Decision 93-02-013).
- (5) Establishment of tariff rates and charges for an oil pipeline that has not previously filed any tariffs with the Commission.
- (6) Initial tariffs for a new service by an oil pipeline, including service on a pipeline segment commencing Utility service.
- (7) A change to an existing tariff rate by an oil pipeline, as provided in Industry Rule 8.
- (8) Withdrawing a service, abandoning service within an area, canceling a rate schedule, or closing a rate schedule to new customers when authorized by a prior Commission decision, resolution, or order.

5.2 Matters Appropriate to Tier 2 (Effective After Staff Approval)

Matters appropriate to Tier 2 are:

- (1) A change in a rate or charge pursuant to an index or formula that the Commission has approved for use in an advice letter by the Utility submitting the advice letter but that the Utility has not used previously for this purpose. This Industry Rule does not cover a change pursuant to a methodology, such as a methodology approved by the Commission for use by a Utility for performance-based ratemaking.
- (2) A tariff change that is consistent with authority the Commission previously has granted to the Utility submitting the advice letter, such as a rate change within a price floor and ceiling previously approved by the Commission for that Utility.

- (3) A refund program to comply with a Commission order requiring the refund.
- (4) A request relating to a substation or power line under Section III.B.1 of General Order 131.
- (5) A rate or revenue requirement update for performance-based ratemaking as approved by the Commission for the Utility submitting the update.
- (6) Amortization of a balance in a balancing account if the Commission has specified both (i) the amortization period, and (ii) the rate component by which the balance will be amortized.
- (7) An advice letter otherwise appropriate to Tier 1 but for which the Utility submitting the advice letter requests review and disposition under Tier 2.

5.3 Matters Appropriate to Tier 3 (Effective After Commission Approval)

An advice letter submitted under (8) of this Industry Rule may be designated by the Utility as effective pending disposition; all other matters appropriate to Tier 3 may become effective only after Commission approval. Matters appropriate to Tier 3 are:

- (1) A matter appropriate to an advice letter but not subject to review and disposition under Tier 1 or 2. (See General Rules 5.1 and 5.2.)
- (2) A tariff change in compliance with a statute or Commission order where the wording of the change does not follow directly from the statute or Commission order.
- (3) Except as provided in Industry Rule 5.1(6), a new product or service.
- (4) Except for a change that may be submitted by advice letter pursuant to Industry Rules 5.1(1), 5.1(3), 5.1(7), 5.2(1), or 5.2(2), a change that would result in an increase to a rate or charge or a more restrictive term or condition, which change has been authorized by statute or by other Commission order to be requested by advice letter.
- (5) Except as provided in Industry Rule 5.1(4) and in (8) of this Industry Rule, a Contract or other deviation. (See also Industry Rule 7.)
- (6) Withdrawing a service, abandoning service within an area, canceling a rate schedule, or closing a rate schedule to new customers, unless the action is authorized by a prior Commission decision, resolution, or order (in which case the action may be eligible for Tier 1).
- (7) A fund transfer within or between demand-side management or research, development, and demonstration balancing accounts.
- (8) Service to a government agency pursuant to General Rule 8.2.3.
- (9) A change to a rate or charge pursuant to a methodology approved by the Commission for use in an advice letter, such as an annual performance review for performance-based ratemaking as approved by the Commission for the Utility submitting the advice letter.