



“Newspapers are unable, seemingly, to discriminate between a bicycle accident and the collapse of civilisation.”

“Some men see things as they are and ask why. Others dream things that never were and ask why not.”

George Bernard Shaw

“I am a drinker with writing problems.”

Brendan Behan

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This week's edition was written on my new Macbook Pro which replaced my old Macbook Pro, and thus the long lineage of personal Macbooks remains unbroken. However, there is no such thing as an easy transition from an old computer to a new one. I dread each time I need to make the shift because I know something bad will occur in the process. Nor was I disappointed this time. I ported my data through the old computer to the new one, and things worked swimmingly well at first. But then the inevitable happened. Of course, it takes a Microsoft product to really screw things up, and my Microsoft Office for the Mac was showing a serious error: I could not search for emails or contacts. Hmm. What to do?

The first mistake I made was calling the Microsoft technical support people on a Monday morning. I had ample time on my hands after receiving word just a few hours prior from Skadden Arps that their energy conference at which I was to participate (along with an outstanding group of co-panelists) was canceled due to the blizzard. Suddenly my time once scarce was almost a free good, and I thought, “How long could it take to fix my Microsoft program?”

Answer ... after 2 hours on the phone with the tech who was probably located in India, my Office Outlook screen was completely corrupted and destroyed. I hung up the phone, grieved my loss, and promised to never call those bastards again. The second mistake I made was thinking I could DIY revert my new computer to where it was when I began this ill-fated journey. Double wrong. Seven hours later I was a complete wreck and finally called the Apple help desk. They explained a simple solution, but it was still a lengthy recovery time even with that help.

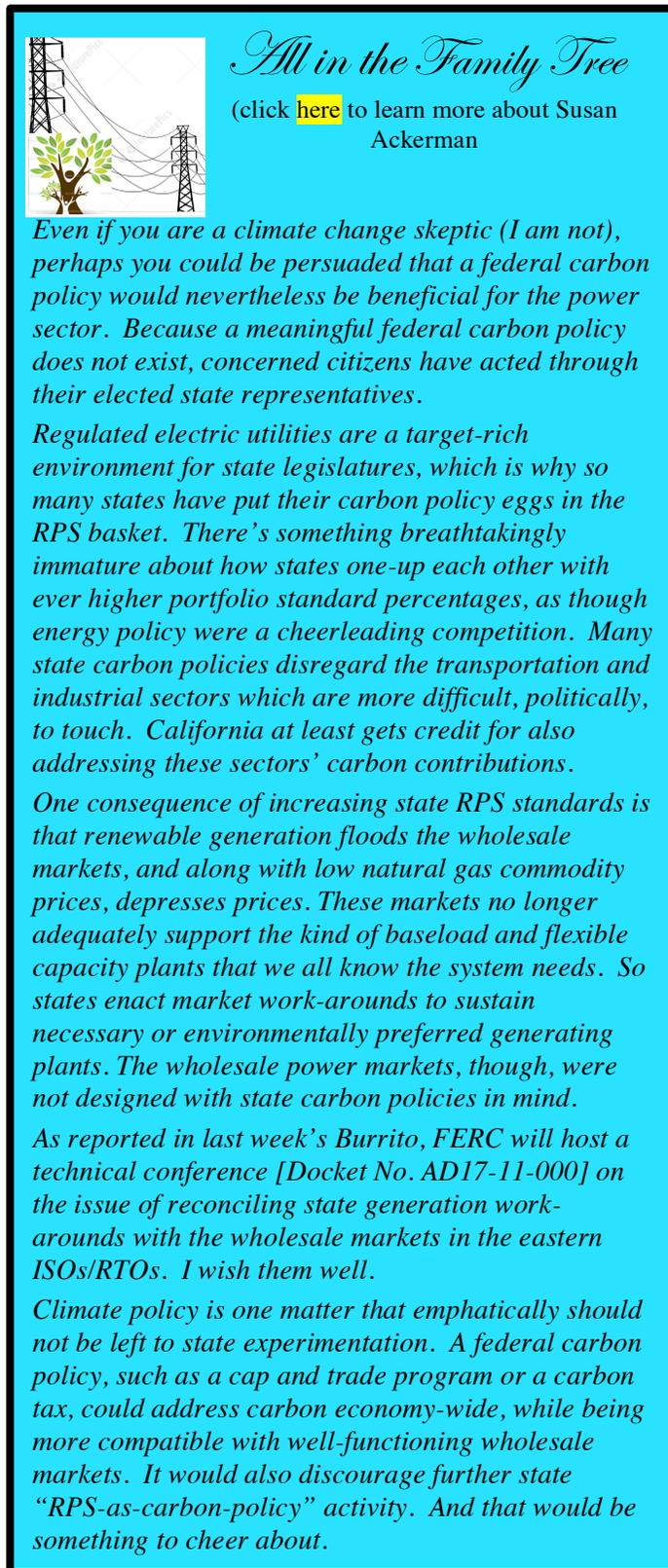
Western States Playbook

WPTF Project Development and Operations Committee Kickoff Meeting: Monday, March 27 at the offices of Dudek Environmental Consulting in Sacramento, CA. Interested participants are welcome to attend starting at 1 p.m. For more information please contact [Clare Breidenich](#).

GCPA Mexico Electric Power Market Conference: Tuesday, April 18, in Houston, TX. Speakers include Jeff Pavlovic, SENER; Katya Somohano, CFE Calificados; Eduardo Arriola, Subdirector de Generacion, CFE; and panels on the evolving Mexico Electricity Market. For more information, please click [here](#).

Save the Date: WPTF Summer General Meeting: Thursday June 8 and Friday June 9 at the Meritage Inn in Napa, CA. Keynote speakers will include Carl Monroe, Chief Operating Officer of SPP.

My new fave Spanish expression has become “*No recuerdo*,” which means “I don’t remember”, and that is exactly what will happen regarding my recent computer experience. I will repress it, and be reminded again in 3 or so years when my next Macbook Pro arrives.



All in the Family Tree
(click [here](#) to learn more about Susan Ackerman)

Even if you are a climate change skeptic (I am not), perhaps you could be persuaded that a federal carbon policy would nevertheless be beneficial for the power sector. Because a meaningful federal carbon policy does not exist, concerned citizens have acted through their elected state representatives.

Regulated electric utilities are a target-rich environment for state legislatures, which is why so many states have put their carbon policy eggs in the RPS basket. There’s something breathtakingly immature about how states one-up each other with ever higher portfolio standard percentages, as though energy policy were a cheerleading competition. Many state carbon policies disregard the transportation and industrial sectors which are more difficult, politically, to touch. California at least gets credit for also addressing these sectors’ carbon contributions.

One consequence of increasing state RPS standards is that renewable generation floods the wholesale markets, and along with low natural gas commodity prices, depresses prices. These markets no longer adequately support the kind of baseload and flexible capacity plants that we all know the system needs. So states enact market work-arounds to sustain necessary or environmentally preferred generating plants. The wholesale power markets, though, were not designed with state carbon policies in mind.

As reported in last week’s Burrito, FERC will host a technical conference [Docket No. AD17-11-000] on the issue of reconciling state generation work-arounds with the wholesale markets in the eastern ISOs/RTOs. I wish them well.

Climate policy is one matter that emphatically should not be left to state experimentation. A federal carbon policy, such as a cap and trade program or a carbon tax, could address carbon economy-wide, while being more compatible with well-functioning wholesale markets. It would also discourage further state “RPS-as-carbon-policy” activity. And that would be something to cheer about.

If only all my problems could be so simple. Anyone in our business doesn’t need to look afar to see the commercial landscape burning into a heap of ashes as we wait for the first grand reliability event to restore some level of sanity. Common sense isn’t coming to us any other way. Last week I wrote about the Around Market phenom that is blistering the PJM markets because individual state policies regarding capacity procurement were colliding with federal policies regarding competitive markets. (See the feature article below.) That theme will be with us not only for this edition, but also in many future Burritos. In fact, I was disappointed that the weather gods forced the cancelation of the Skadden Arps energy confab because I desperately wanted to hear the commentaries on this topic of noted industry thought-leaders. Lacking such, I must continue to invent my own explanations.

Moving on, WPTF CAISO committee co-consultant, Carrie Bentley, wrote about a few highlights in preparation for this week’s CAISO Governing Board meeting. There was the usual self-congratulatory announcement (or is it simply a new notch on the fear index?) about record generation from renewable resources. Per Carrie’s report citing CEO Steve Berberich, “[The most recent solar peak of 9,066 MW occurred on March 2, 2017 at 10:07 a.m. The wind generation peak of 4,773 MW was set on April 24, 2016 at 5:48 p.m.](#)” God forbid the wind starts blowing at 11 a.m. on a sunny weekend (or holiday) afternoon during the spring hydro runoff season. The CAISO told its Governors that this summer there will be no supply issues even without Aliso Canyon natural gas

storage field injections. There might be some over-generation issues, but why let a bit of reality spoil an otherwise happy story? Statewide rainfall and snow pack was reported to be 182% of average. Per Carrie's note, "**Statewide precipitation is tracking to exceed the wettest year recorded.** As of March 6 the Northwest River Forecast Center projected the April to August reservoir storage in the Columbia - Dalles Dam to be 114 percent of average. The Pacific Northwest hydro levels are similar to 2016 thus **indicating no concerns with Pacific Northwest hydroelectric generation.** This may provide some relief as the CAISO may not have to handle higher than usual import price-taking energy at the same time it has to handle record amounts of internal hydro production."

Yet the item discussed at the Governing Board meeting that I found most distressing was a proposal to change the oversight of the Department of Market Monitoring (DMM) to be exclusively that of the Governing Board and no longer include the CEO. Give the children a loaded gun and someone is bound to get hurt.

Further, the proposal would give DMM discretion to engage outside legal counsel rather than using in-house legal staff. I'm curious and would love to hear from you folks working in the other organized markets ... is this normal or a new precedent? It sounds to me like a dangerous precedent, and I'll explain why below.

In a long-lingering matter regarding energy crisis refunds, you know, the case of the California parties against the sellers of energy in the Pacific Northwest (please don't ask for a synopsis of the last 15 years regarding this matter (EL02-71-000) ... it's too painful and confusing to relate), the California parties issued a subpoena upon DMM head Dr. Eric Hildebrandt to testify. The

presiding FERC ALJ issued an order last week allowing for such. Immediately, respondents such as TransCanada and Shell Energy moved to quash the subpoena and at least stay the order until the protests of the respondents could be ruled upon by the ALJ. There's a procedural problem with all this because the California parties never noticed in advance Hildebrandt's testimony for the respondents to review. But there is also a worrisome precedent letting an impartial DMM person (supposedly) take sides in a case. Per the Shell Energy filing, "**The California Parties will use the Subpoena to sandbag the Respondents and to avoid giving Respondents a full and fair opportunity to know the substance of the proffered testimony, conduct discovery and meaningfully cross-examine the witness – rights to which Respondents are entitled under Commission rules. Presentation of Dr. Hildebrandt at trial would be fundamentally unfair to the Respondents in this proceeding, and therefore the Subpoena should be quashed. If the Subpoena is not quashed, Dr. Hildebrandt should be permitted to testify only if he provides pre-filed testimony in accordance with Commission rules, and Respondents should be given sufficient time to conduct discovery into the evidence provided by Dr. Hildebrandt.**"

We will see how the ball bounces.

What we believe...

- 1) Competition yields lower electricity rates.
- 2) Stable and transparent rules and regulations promote private investment.
- 3) Private investors, rather than utilities, will spend money on new power plants and transmission facilities if they can earn a return that is balanced with the risks.
- 4) Private sector investment results in lower average prices without risking consumers' money.

Last week the CAISO released its 400-page revised 2016-2017 Transmission Plan that was approved at this week's Governing Board meeting (the 18-month transmission planning process cycle means there are typically two cycles overlapping at any given time). For the first time ever the folks at the CAISO performed a special study about the reliability impacts of gas-fired power plant retirements in the CAISO footprint given a 50% RPS target. The special study in the transmission plan itself is over 100-pages long, so good luck reading it, nonetheless I think it was a notable achievement undertaken by the CAISO. You can access the full revised plan by clicking [here](#), and go to Chapter 6 for the relevant information.

- What we believe (cont.) ...**
- 5) However, when IOUs do the investing, the risks to them are minimal or non-existent because ratepayers cover all of the costs.
 - 6) Overcapacity lowers electricity spot market prices; yet retail rates can increase in this case due to full cost-of-service regulation.
 - 7) Markets work best when there are many buyers and sellers.
 - 8) At-risk money will be put to work and attract new investment where markets exist that are legitimate and yield credible prices.

The methodology is fairly straight forward. They ran a production cost model using future loads and resources, added a little fairy dust to account for energy efficiency, which we know is out there ... somewhere, but who knows, and then observed the gas-fired power plant capacity factors relative to the historical averages. The analysis was performed for each "local capacity requirement" (LCR) area (i.e., load pockets) as well as for the system (balance of supply outside of the nine LCRs). If the simulated capacity factor for a plant was extremely low, then the study tagged such as a retirement candidate. The group then modeled two scenarios ... the first modified the list of economically retired gas-fired plants by adding back in enough capacity to comply with the

LCR reliability standard in 2020 for Northern California and 2025 in Southern California. The second scenario did not rescue any uneconomic generation in the LCRs with RA deficiencies but instead considered an "alternative" mix of generation resources needed for system reliability.

"Scenario 2 involved retiring additional gas fired generation from LCR areas with excess available capacity from scenario 1 and selecting a different mix of generation to satisfy the local capacity requirements to assess the impacts on potential retirements of generation outside the local areas required for providing system capacity. In effect, this recognizes the need to preserve

generation in the local capacity areas, but that the consequence may be to shift retirement risk to generators located outside of those areas." Quite frankly, the subtle difference of the two scenarios mattered little in the final analysis, although the location of those retirements might be quite important. The second scenario removed about 15% more capacity than scenario 1.

Potential Gas-fired Generation at Risk of Retirement	
Big Creek/Ventura	197
Fresno	755
Greater Bay Area	1799
Humboldt	81
Kern	175
Sierra	524
Stockton	337
System	4396
Total	8265

On the page above is the Scenario 1 list by LCR area and for the balance of the system of the capacity that would be economically retired in a 50% RPS world. Of course, I believe that many of the retirements such as the Once Through Cooling (OTC) plants along the Southern California coast are embedded in those numbers and that would account for about 4,000 of the approximately 8,000 MW destined for an early grave.

... and, what we should do:

1. Believe in ourselves.
2. Encourage creation of independent, multi-state regional transmission organizations that coordinate policies with respective state utility commissions.
3. Support rules for resource adequacy that apply uniformly among all load-serving entities.

The CAISO evaluated the transmission flows using the above retirements, and then subsequently did a more detailed analysis of the grid reliability impacts. The study team set up six cases that were increasingly more severe in terms of retirements. (Although the total retired capacity in the last case did not exactly match the total at-risk retirements in the chart above, but it was close ... lower by about 400 MW.)

What did the CAISO analysis of the six cases conclude? It construed that total retirements above 4,000 MW puts a strain on the grid. Ok, but one

must remember a key modeling assumption, and that was: “[In this study, it is assumed that all the California RPS solar and wind generation is curtailable at a cost lower than that of shortfall of load-following and ancillary services. Therefore the production simulation is not intended to capture flexibility shortfalls, but capacity shortfalls.](#)” In effect, the study was looking at critical hours to meet the net load rather than the efficacy of the thermal fleet to accommodate the neck of the so-called Duck Curve. (Or as I read in a recent presentation on Mexico’s Electricity Market, La Curva del Pato. Si!)

A narrative of the reliability study results in the text box on the right gives a good summary of the situation, at least to the extent allowed by the assumptions used to perform the analyses. If indeed the OTC represents about 4,000 MW of retirements in or about 2020, then doesn’t that mean as California arcs to its 50% RPS destiny reliability problems might crop up? I’m sure the fools planning ever higher RPS targets will never understand this, so we’ll have to wait it out, and see where things land.

Summary of Findings

- Unlimited renewable curtailment masks the need for flexible capacity during downward ramping in the morning and upward ramping in the afternoon
- The shortfalls in load-following and reserves reflect the insufficiencies of capacity
- Capacity insufficiencies occur in early evening after sunset, which is the new peak (net) load time
- Capacity sufficiency issues start to emerge between 4,000 to 6,000 MW of retirement.

Are you fed up with numbers, but feeling unfed? Join me in learning a new Chef [Laura Manz](#) recipe from the Burrito test kitchens. “[The pièce de résistance of the WPTF Board Dinner featured pork steaks and chops served over mashed potatoes and buttered savory cabbage. Preparing the meat day-ahead allows the meal to quickly move from fridge-to-table.](#)”

Pour a ½ cup of warmed gin over 4 crushed juniper berries; soak for 20 minutes. Drain and reserve both the gin and berries. Pulse the soaked juniper berries, 2 cloves of garlic, leaves from 2 sprigs of rosemary (not stems), 2 Tbsp. of coriander seeds, and a 1/4 cup of olive oil. Spread the mixture over 4 pork steaks. Seal in a plastic bag and marinate overnight.

From-scratch *crème fraiche* is easily made by combining 1 Tbsp. of buttermilk and 1 cup of pasteurized (not ultra pasteurized) heavy cream in a clean container that sits, loosely covered in cheesecloth, at room temperature for at least 12 hours.

That's an easy recipe bound to please the adults and put the children at the table in a state for an early bedtime. Add more gin as needed.

Here is your savory entrée for this week:

>>> Things in the Nation
@@@ PJM State of the Market Commentary

>>> Shout Outs

>>> Odds & Ends (!_!_)

>>> Things in the Nation
@@@ PJM State of the Market Commentary

Last week, the PJM market monitor, Monitoring Analytics LLC, issued its **State of the Market report for 2016**. The introduction includes a very thoughtful expansion of the bothersome trend of around-market conditions that pervade all markets, not just PJM. I thought it was worth sharing because it evoked in me the image of a letter by an imaginary Union soldier to his family before the first battle of the Civil War. And since President Lincoln honored the sacred Pennsylvania battlefield in PJM's front yard during that era, an updated address might read: "Now we are engaged in a great civil war, testing whether that market, or any market so conceived and so dedicated, can long endure."

Therefore, as we don our musket, bayonet, and battle gear, we will remember the words of the PJM market monitor in 2017 as firing the first shot over the Bow(ring).

...and, what we should do (cont.):

4. Enforce competitive solicitations by utilities for purchasing either thermal or renewable power.
5. Support choice among retail electricity customers.
6. Lobby for core/non-core split of retail customers.
7. Advocate against policies that limit, through bid mitigation, merchant returns on investment that are utility-like returns.

The crux of the issue stems from state subsidies for new and existing power plants that impact competitive wholesale power markets. The tension created by these subsidies can be widespread and when observed across the country looks indiscriminating against any one technology. And yet somehow in any one wholesale market the subsidies are very much targeted and technology specific indeed. The PJM market report states, "**Top down, integrated resource planning approaches are tempting because it is easy to think that experts know exactly the right mix and**

location of generation resources and the appropriate definition of resource diversity and therefore which technologies should be favored through exceptions to market rules. The provision of subsidies to favored technologies, whether solar, wind, coal, batteries, demand side or nuclear, is tempting for those who would benefit, but subsidies are a form of integrated resource planning that is not consistent with markets.”

I found it gratifying that the introduction included this passage: “A sustainable market design means a market design that results in appropriate incentives to retire units and to invest in new units over time such that reliability is ensured as a result of the functioning of the market.” That sentence captures my gripe with California’s energy policy nonsense ... which ignores the ramifications of piling on excess capacity (it could be any type of capacity but in California it happens to be the piling on of renewables), driving down the wholesale price, and creating quite a remarkable situation. Gas-fired power plant owners will not invest in critical maintenance projects unless there are sufficient economic incentives for them to do so. Given that we need some dispatchable generation on the system, it is questionable whether the CAISO paradigm is ultimately sustainable. How can it be if it doesn’t *sustain* the generation required for grid reliability?

Whereas California, ERCOT, and MISO do not have the type of forward capacity market PJM enjoys, there is no escaping the fact that both energy and capacity interact in every organized market. The capacity subsidies in several PJM states screw up both their energy and capacity markets. And it’s no better in California, where the capacity side is done by fiat in terms of resource mix, and then bid competitively (to some extent) in terms of IOU requests for proposals, the winners of which are awarded contracts that are reviewed and approved by the CPUC. Regardless of that important distinction, the following observation in the PJM State of the Market report is relevant, “The market paradigm includes a full set of markets, most importantly the energy market and capacity market, which together ensure that there are adequate revenues to incent new generation when it is needed and to incent retirement of units when appropriate. This approach will result in long term reliability at the lowest possible cost.” Give me an Amen. Yet, relevant for states such as California, the PJM prologue says that in and of itself a combination of wholesale energy market and forced procurement of capacity is not necessarily antithetical to a sustainable market paradigm, “The quasi-market paradigm includes an energy market based on LMP but addresses the need for investment incentives via the long-term contract model or the cost of service model. In the quasi-market paradigm, customers absorb the risks associated with investment in and ownership of generation assets through guaranteed payments under either guaranteed long term contracts or the cost of service approach. In the quasi-market paradigm there is no market clearing pricing to incent investment in existing units or new units. In the quasi-market paradigm there is no incentive for entities without cost of service treatment to enter and thus competition is effectively eliminated.”

The State of the Market treatise separates the quasi-market approach from the bold subsidies for existing and new units that play (or wish to play) in the PJM capacity paradigm. “While there are entities in the PJM markets that continue to operate under the quasi-market paradigm, those entities have made a long term decision on a regulatory model and the PJM rules generally limit any associated, potential negative impacts on markets. That consistent approach to the regulatory model is very different from current attempts to subsidize specific uneconomic market assets using various planning concepts as a rationale. The subsidy model is inconsistent with the PJM

market design and inconsistent with the market paradigm and constitutes a significant threat to both.”

There are several other notable quotes in the State of the Market report that may encourage me to update the Burrito’s What We Believe boxes:

- Subsidies suppress energy and capacity market prices and therefore suppress incentives for investments in new, higher efficiency thermal plants but also suppress investment incentives for the next generation of energy supply technologies and energy efficiency technologies. These impacts are long lasting but difficult to quantify precisely.
- Subsidies are contagious. Competition in the markets could be replaced by competition to receive subsidies. PJM markets have no protection against this emergent threat. Accurate signals for entry and exit are necessary for well functioning and competitive markets.
- The current proposals for subsidies demonstrate that the markets need protection against subsidized, noncompetitive offers from existing as well as new resources.

The PJM intro clarified that existing units in the PJM capacity markets are not subject to the minimum offer price rule (MOPR). I made an error in last week’s discussion on this topic regarding the zero-emission credit subsidies in Illinois and New York intended to aid several aging nuclear power plants. I said the capacity offers of these subsidy wannabes were subject to a MOPR and lacking such would be in the award stack. Not so. Thus, the havoc those proposed subsidies could wreak is considerably more significant than I first imagined.

Read the PJM State of the Market report. You can tell your grandchildren about it when they grow up ... as if.

>>> Shout Outs

Roy Shanker, Phil Muller, and Kent Fickett responded to the piece I ran regarding the energy impact of legalized marijuana growing. First Kent added a note about aviary damage due to pot growers in the northern counties: “Researches did a study to find out why Fishers (large mammal predators in the Sierra’s) are/were showing up dead... found that illegal growers in the National Forest were indiscriminately throwing the very nasty new generation of rat poison (powerful anticoagulant) around their grow sites to keep the rodents from eating holes in the drip irrigation systems. The rodents ate the poison, then the Fishers ate the rodents and as a result the Fishers are bleeding to death. There is no such thing as a free lunch! And we should not use those rat poisons in our homes either or our dogs and cats may suffer the same fate.” I shared Kent’s note with Phil who wrote: “I couldn’t agree more. Note the term ‘illegal growers.’ That’s the problem, not outdoor. When you are already engaged in criminal activities, adding a few more on top is really no big deal from your perspective. That is why many illegal indoor growers took to stealing the electricity they used. Cannabis farmers, growing a legal crop to sell openly to the public, could and do emphasize organic, sustainable growing practices. They will rely on natural controls (like letting birds eat bugs) and more natural fertilizers so they can be certified as providing a safe and sustainably grown product. Indeed, much of the testing for legally-produced cannabis looks for pesticide residue as well as mold and mildew (another growing challenge). Contrary to possible expectations, indoor growing tends to be more likely to have

serious pest problems (white flies, mildew, etc.) than outdoor, because once they start the only way to control them is with chemicals. Getting rid of the black market will result in better quality control and improved stewardship.”

Roy Shanker had another issue with the pot legalization and it has to do with applicable rate tariff: “I think you missed a key fact in your write up regarding pot legalization last week. PG&E now extends its lower rates for agriculture to cannabis cultivation. So we tax the hell out of it for whatever the legislature picked, but certainly not to impact electric customers, and then tax all electric customers even more regardless of use of cannabis. Thus we encourage indoor growing by an electric subsidy and increased electric rates for other residential customers.”

Hm. But Roy, my understanding was that most of the illegal indoor pot growers were enrolled on the low-income electricity tariff, meaning the lowest residential rate tier. I recall a hearing at the CPUC a long time ago where someone showed the consumption of Tier 1 users exclusively, and there were a few large monthly numbers for a couple of them. It was suggested with a snicker and a wink that those were the meter readings at indoor cannabis locations. I would assume that low-income rates for PG&E are lower than its agricultural rate. If so, then that would mean more electricity revenue under the latter, although you as a ratepayer will still be picking up the cross-subsidy shortfall. Maybe someone will be able to check that out for us.

I haven't reported for awhile on the Powhatan case regarding their defense against FERC Enforcement's harassment, a matter I have written about on several occasions. Yet this week Kevin Gates, an officer of Powhatan Energy Fund LLC's managing member, sent out a note to the followers of his blog and I opted with Kevin's consent to run it here as a letter to the Burrito: “It's been over six and a half years since Powhatan and Alan Chen supposedly manipulated the PJM market. Since then, we've responded to subpoenas, made ourselves available for depositions, and provided FERC with 12 expert affidavits. We also launched a [website](#) and have been [active on social media](#). We've spent millions of dollars and countless hours trying to assist the FERC.

“FERC doesn't care. It doesn't even matter that they haven't found a single expert to support their position. They still sued us. In court, they are now claiming that we're guilty and don't deserve basic due process rights.

“They have made similar arguments in other cases, with other defendants. They are 0 for 4 so far, as four other courts have already ruled against them. Again, it doesn't matter to the FERC. They're still arguing to our judge that we don't necessarily deserve discovery rights.

“Ten independent law professors who regularly teach federal administrative law and procedure disagree with the FERC, and expressed "grave concern" over the agency's apparent position. We are fortunate that these professors [filed a brief](#) with our court last December stating their opinion. The FERC trial attorneys seem to care less what the law professors have to say, and believe that our judge should just ignore them.

Yesterday, [our judge ruled against the FERC](#). She found the law professors' filing to be helpful and useful, and she's asking the FERC to respond to the substance of the law professors' filing. Their response is due next Friday. When it's filed, we'll promptly post it to our site.”

Thanks for the note, Kevin. I believe when a quorum of FERC Commissioners is re-established, the attitude regarding OE investigations might change a bit.

Here's the closer from the regular guy, Jack Ellis. So, heeeeeeeere's Jack: "About three weeks ago, Utility Dive published an article that talked about California's Distributed Energy Resource (DER) initiative, including an interview with CPUC President Picker. As far as I can tell, the underlying rationale for DERs is a bill, likely sponsored by DER interests, that requires the CPUC to make DERs a priority. I see nothing wrong with allowing customers to buy and install DERs if they want them but I wonder whether the legislature or the CPUC have considered how widespread adoption of DERs will impact the availability of affordable and reliable electric service for everyone else? Will the CPUC repeat the fiasco of its Net Energy Metering policy by allowing DER customers to stay connected to the grid without paying for it? Have the legislature and the CPUC thought about how high they can allow DER penetration levels to go without setting off a "death spiral" of defections away from the grid?

"A bigger short-term concern arises from the '...continuum of rate options, from the simple to complex...' envisioned in the CPUC's Distributed Resource Plan. In California, rates are policy tools. The objective of California's many electric rates is to influence customer behavior in various ways. Of course Californians take full advantage of the existing "continuum" of rate options to game the system rather than making the behavioral changes regulators hope for. Picker can either continue to provide consumers with options and kiss the policy goals goodbye, or he can figure out which of California's many policy goals is the one that counts, tell the legislature why and how he's going to make that policy the priority, and direct the utilities to develop a single rate (for each class) that drives the right customer behaviors. In doing so, he would put some substance behind California incessant chest-thumping about energy leadership. California being what it is, the number of electric rates in California will continue to proliferate while the CPUC pays lip service to policy goals."

>>> Odds & Ends (_!_)



The week is done and the clock change last Sunday did its usual job on me. I was fuzzed out for most of the day on Sunday. And on Monday. It probably wasn't the ideal week for me to start converting my data on the old computer to a new computer. Are folks out East still digging out of the snow? I hear more snow is coming this weekend. Enjoy. Well, there's nothing like taking afternoon walks with Halley's Comet in the 90 degree heat like we are experiencing in the Southwest.

Here are your well-earned stories:

THE TEXT:

Hi Fred, This is Alan next door. I have a confession to make.

I've been riddled with guilt these past few months and have been trying to get the courage to tell you to your face, but I am at least now telling you in text message as I can't live with myself a moment longer without you knowing.

The truth is I have been sharing your wife, day and night when you're not around, in fact, probably more than you. I haven't been getting it at home recently, but that's no excuse, I know. The temptation was just too much.

I can no longer live with the guilt and I hope you will accept my sincerest apologies and forgive me. It won't happen again.

Please suggest a fee for usage and I'll pay you. Regards, Alan.

Fred, feeling insulted and betrayed, grabbed his gun, and shot his neighbor dead. He returned home where he poured himself a stiff drink and sat down on the sofa. He took out his phone where he saw he had a second message from his neighbor Alan:

SECOND TEXT:

Hi Fred, This is Alan next door again. Sorry about the typo on my last text.

I expect you figured it out anyway, and that you noticed that darned Auto-Correct changed 'WiFi' to 'Wife.'

Technology, huh ? !

Regards, Alan

Just a slight misunderstanding. Here's your closer for the week:

Does It Work?

A lady walked into a pharmacy and spoke to the pharmacist.

She asked: "Do you have Viagra?"

"Yes," he answered.

She asked, "Does it work?"

"Yes," he answered.

"Can you get it over the counter?" she asked.

"I can if I take two," he answered.

That's a wrap. Enjoy the weekend and we'll talk again next upon my return from Mexico City.
gba

Here is Erin's photo essay contrasting examples of animal cruelty with the magical joy we get from our pets. Also, in addition to the website she mentioned last week as a reference for people that want to be proactive about protecting animals, this week she asked her readers to check out [this site](#).

