

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



FILED

12-16-10
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In the Matter of the Application of
Southern California Edison Company
(U 338 E) for a Certificate of Public
Convenience and Necessity for the
Eldorado-Ivanpah Transmission Project.

Application 09-05-027
(Filed May 28, 2009)

**NOTICE OF EX PARTE COMMUNICATION
OF THE DIVISION OF RATEPAYER ADVOCATES**

In accordance with Rule 8.3 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") submits this notice of an ex parte communication.

The communication occurred on December 13, 2010, at approximately 5:30 p.m., and consisted of an electronic message from DRA Policy Advisor Cheryl Cox to: Michael Wheeler, Transmission and Renewables Advisor to Commissioner Grueneich; Paul Phillips, Energy Advisor to Commissioner Simon; Jason Reiger, Legal Advisor to Commissioner Ryan; Andrew Schwartz, Energy Advisor to President Peevey; and Robert Kinoshian, Energy Policy Advisor to Commissioner Bohn. A copy of the body of the e-mail is appended to this notice as Attachment A.

Copies of this notice may be obtained by contacting Sue Muniz by telephone at (415) 703-1858, or by e-mail at sam@cpuc.ca.gov.

Respectfully submitted,

/s/ MARION PELEO

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December 16, 2010

ATTACHMENT A

Following-up with you on an issue that was raised during our meeting last week on the Eldorado-Ivanpah transmission line about whether it is necessary to approve this project before the end of the year based on eligibility to receive ARRA subsidies. Based on our research, DRA does not believe that this is an issue given that of the ARRA options (outlined below), only criteria for #2 must be met before the end of this year, including via commencement of construction.

Based on the Bright Source Energy press release issued on October 27 that clearly indicates Commencement of Construction of the three generators that comprise the ISEGS, DRA does not believe that CPUC approval of this transmission project by the end of the year is necessary to receive ARRA funds for this project. Such construction would allow Bright Source to receive the Renewable Energy Grant (in lieu of tax credit) for each of the three units.

Bright Star press release:

http://www.brightsourceenergy.com/images/uploads/press_releases/Ivanpah_Groundbreaking_Press_Release.pdf

There are three possible* ARRA incentives that are relevant to the Eldorado-Ivanpah project ...

- 1) Business Energy Investment Tax credit. This ITC is driving some of the utilities to invest in wind projects (both PG&E and SDG&E). In this case the construction has to be completed by 31/12/2012 in order to qualify. But it does apply to solar as well as wind.
- 2) Renewable Energy Grant (in lieu of tax credit). This may be up to 30% of property (including capital investment). This is the one where you have to have started construction by 12/31/2010 OR significantly, there is a "safe harbor" clause. Namely, if you have committed 5% of your capital investment to the project you may still qualify for the 30% grant.
- 3) Renewable Energy Loan Guarantee - loans backed by USDOE. Deadline 8/31/2011

*** The American Recovery and Reinvestment Act of 2009 allows taxpayers eligible for the federal renewable electricity production tax credit (PTC)** to take the federal business energy investment tax credit (ITC) or to receive a grant from the U.S. Treasury Department instead of taking the PTC for new installations. The new law also allows taxpayers eligible for the business ITC to receive a grant from the U.S. Treasury Department instead of taking the business ITC for new installations. The grant is only available to systems where construction began prior to December 31, 2010. The Treasury Department issued Notice 2009-52 in June 2009, giving limited guidance on how to take the federal business ITC instead of the federal renewable electricity production tax credit.**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**NOTICE OF EX PARTE COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES**” to the official service list in **A.09-05-027** by using the following service:

E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on **December 16, 2010** at San Francisco, California.

/s/ ROSCELLA V. GONZALEZ
Roscella V. Gonzalez

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A.09-05-027

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