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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Authority to Implement and Recover in Rates the Cost of its Proposed Solar Photovoltaic (PV) Program.	)))))	Application 08-03-015 (Filed March 27, 2008)

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) PETITION FOR MODIFICATION OF DECISION NO. 12-02-035

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Dated: **July 27, 2012**

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I.

INTRODUCTION

Pursuant to Rule 16.4 of the California Public Utilities Commissions' ("CPUC" or "Commission") Rules of Practice and Procedure and the direction in the June 13, 2012 letter from the CPUC's Energy Division denying SCE's Advice Letter 2724-E,[1] Southern California Edison Company ("SCE") submits this Petition for Modification of Decision No. 12-02-035.

A. SCE's Request in this Petition for Modification

In this Petition, SCE requests modification to Decision No. 12-02-035:

(1) SCE requests that the Commission permit SCE to reduce the utility-owned generation ("UOG") portion of the Solar Photovoltaic Program ("SPVP") from 125 MW to 91 MW,[2] which is based on SCE's current UOG commitments of approximately 7 MW of Solar Photovoltaic ("SPV") ground-mount projects that have been energized and 84 MW of SPV rooftop projects that have been energized, are in construction, or are expected to be built.

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1 A copy of the June 13, 2012 letter is attached as Attachment A.

2 Approximately 72 MW of the 91 MW are from SPV projects that have energized. The balance of 19 MW relate to SPV projects that are either in construction or are expected to be built. The actual MW in SCE's UOG portion of the SPVP may thus vary slightly when the 19 MW of projects energize due to final design constraints.

(2) SCE also proposes that the megawatts it does not procure through the UOG portion of the SPVP be added to SCE's megawatt requirement in the Renewable Auction Mechanism ("RAM") program, such that the 34 DC MW from the SPVP be reassigned to RAM (which would be the equivalent of 31 AC MW in RAM), similar to the CPUC's reassignment in Decision No. 12-02-035.[3]

(3) As discussed in Section I.B, SCE requests that the Commission under Rule 16.4(h) issue an immediate order staying SCE's obligations under Decision No. 12-02-035 to develop a 125 MW UOG SPVP, pending disposition of this Petition for Modification. SCE also requests that the Commission expedite its decision on this Petition for Modification.

The Commission in Decision No. 12-02-035 has already permitted the reduction of the UOG SPVP to reflect SCE's February 2011 SPVP commitments. As of July 2012, SCE's commitments have again changed, which has prompted the need for relief from the Commission through this Petition.

Fundamentally, SCE submits that the UOG portion of the SPVP has been successful with approximately 84 MW of solar rooftops already energized, under construction, or expected to be built, in addition to approximately 7 MW of ground mount SPV facilities that have been energized. When SCE proposed the SPVP in 2008, the SPV market was much smaller in California than it is today and was not competitive with other renewable generating sources such as wind and geothermal sources. Since 2008, the market has transformed and SPV is now a competitive technology, with SCE having over 2000 MW of SPV contracts executed.

Further, continuing circumstances have made it difficult and less economical to build SPV projects through the UOG portion of the SPVP when SCE could buy renewable energy, generated from SPV technology, at a lower cost through other programs. Since the inception of the SPVP, SCE has been receiving competitive offers of SPV bids primarily through the Renewable Standard Contract ("RSC") program and the RAM, which are preferable alternatives to the UOG portion of the SPVP. As

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[3] Decision No. 12-02-035, mimeo pp. 22-24. In accordance with footnote 23 of Decision No. 12-02-035, SCE has used a 0.9 conversion factor to convert the DC MW from the UOG portion of the SPVP to AC MW in the RAM.

discussed further in Section IV.A of this Petition for Modification, SCE estimates a reduction of 34 MW in the UOG portion of the SPVP would result in SCE's customers saving approximately $100 million in capital spending, plus $1.4 million/year in O&M costs.

As such, rather than have SCE build UOG SPV projects at a substantial cost, it would be better for SCE's customers if (1) SCE builds only those projects that SCE is currently committed to and appear to be viable under the cost and time constraints of the SPVP, and (2) the Commission reassigns 34 DC MW from the UOG portion to the RAM (which would be the equivalent of 31 AC MW in RAM), similar to the CPUC's reassignment in Decision No. 12-02-035.[4] In comparing SCE's initial proposal in its February 2011 Petition for Modification to reassign MW from the SPVP to RAM, the CPUC indicated its rationale for the reassignment to RAM:

> "RAM, on the other hand, already reasonably addresses several key elements of IPP Revised (e.g., up to 20 MW per project, no limitation on ground-mounted facilities, startup from Commission approval of PPA, standardized PPA). We agree with DRA that we should consolidate renewable programs when they have overlapping goals and characteristics, not create duplicative new programs. As DRA also says, consolidating the 250 MW with RAM will reduce developer confusion (as to which of many renewable programs is appropriate for a developer's circumstances) and enhance administrative efficiency (since SCE, Energy Division and the Commission only need to administer and track information in the RAM program, not a similar but slightly different subset within SPVP)."[5]

Further, as determined by the CPUC in Decision No. 12-02-035, the megawatts transferred from the SPVP to RAM should follow the existing RAM protocols and rules, and there should not be a carve-out or preference for small rooftop solar in RAM.[6]

> "We do not create a subset within the expanded RAM for small rooftop solar for the same reasons we do not adopt IPP Revised. That is, we decline to require that this 225 MW increment be specifically procured from rooftop solar less than two MW per project within RAM because doing so would create needless complexities, inefficiencies, disruptions, and duplication among programs. We adopt RAM to be simplified, efficient procurement tool. We do not plan to disrupt those objectives here. Solar Alliance proposes that a preference be given to rooftop solar facilities in the up to two MW range. We decline to do so. RAM selection is price-driven.

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4 Decision No. 12-02-035, mimeo pp. 22-24.
5 Decision No. 12-02-035, mimeo p. 23.
6 Decision No. 12-02-035, mimeo pp. 23-24.

Application of a preference for one type of facility would unreasonably deviate from adopted RAM protocols."[7]

Given the challenges our customers face in this economy and given the Commission's recognition that it is prudent to consider customer savings while still maintaining a robust SPVP,[8] SCE strongly urges the Commission to re-evaluate the cost impacts of the UOG portion of the SPVP on our customers, decide that it is not in our customers' best interest for SCE to build these relatively expensive projects when other more economical alternatives exist to obtain these renewable megawatts, and reduce customer costs by granting this Petition for Modification.

In filing this Petition for Modification, SCE relies heavily on the June 13, 2012 statements of the Energy Division, which clarified the Commission's intent in Decision No. 12-02-035[9] for SCE to demonstrate a reasonable effort to procure 125 MW of UOG in its SPVP, or explain to the Commission why SCE would fail to reach this target. In denying SCE's Advice Letter 2724-E, the Energy Division further indicated that it was contrary to the Commission's intent to seek a reduction below 115 MW so soon after the issuance of Decision No. 12-02-035.[10] According to the Energy Division, a request for such a reduction in the early stages of the SPVP would be a modification of the Commission's intent in Decision No. 12-02-035 and should be brought to the Commission's attention via a Petition for Modification and not an Advice Letter.[11]

Given the above, SCE is compelled to bring this Petition for Modification before the Commission to request a reduction in the UOG portion of the SPVP from 125 MW to 91 MW. That is, SCE has approximately 72 MW of SPV projects that have been energized, 10 MW of which involve projects now under construction, and approximately 9 MW of which involve projects that appear to be

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7 Decision No. 12-02-035, mimeo pp. 23-24 (emphasis added).

8 Decision No. 12-02-035, mimeo pp. 2 and 7.

9 The Energy Division stated, "The Commission granted SCE the authority to request a further reduction in its UOG target only if the utility 'plans to own less than 115 MW of UOG by the end of year five.' For SCE to seek that reduction now, before it has demonstrated a reasonable effort to procure 125 MW of UOG in its SPVP, or explain to the Commission why it would fail to reach that target, is contrary to the intent of D. 12-02-035." Energy Division's June 13, 2012 denial of Advice Letter 2724-E, page 2.

10 Id.

11 Id., p. 1.

viable under the cost and time constraints of the SPVP program. SCE expects that all of these remaining projects will go forward and energize. Indeed, the 10 MW SPV project that is currently under construction is expected to energize by mid-August 2012. Based on the development process for the remaining 9.39 MW that are expected to be built (which consists of a 2.62 MW solar rooftop project and a 6.77 MW solar rooftop project), SCE is committed to completing these projects or finding alternative sites, if they do not energize. Thus, SCE fully expects that the remaining 19 MW of SPVP projects that are under construction or are expected to be built will energize, and SCE firmly believes that a 91 MW program meets the objectives of Decision No. 09-06-049.

B. SCE's Request for an Immediate Commission Order

Rule 16.4(h) of the Commission's Rules of Practice and Procedure provides that, "[u]nless otherwise ordered by the Commission, the filing of a petition for modification does not stay or excuse compliance with the order of the decision proposed to be modified. The decision remains in effect until the effective date of any decision modifying the decision."

The Energy Division has indicated that the intent of Decision No. 12-02-035 was that SCE demonstrate a reasonable effort to have a 125 MW UOG SPVP.[12] However, Decision No. 12-02-035 provides that SCE may file an advice letter if it planned to own less than 115 MW by the end of year five of the SPVP.[13] SCE filed Advice Letter 2724-E seeking Commission approval to construct consistently with its commitments. As indicated in Section IA above, SCE is compelled to file this Petition for Modification based on the June 13, 2012 direction of the Energy Division in its denial of SCE's Advice letter 2724-E.

SCE is concerned because it took the Commission over one year to issue Decision No. 12-02-035 and rule on SCE's February 11, 2011 initial Petition for Modification. Given that the 5 year SPVP is scheduled to end in June 2014, delay in ruling on this Petition for Modification will cause greater

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[12] Energy Division's July 13, 2012 denial of Advice 2724-E, p. 2.
[13] Decision No. 12-02-035, mimeo, p. 16.

uncertainty as to the course of action SCE must take with respect to the upcoming SPVP projects. SCE does not wish to be out of compliance with Decision No. 12-02-035 in the event that the Commission delays a decision on this Petition for Modification and subsequently denies this request. If the CPUC delays a decision on this Petition, SCE could find itself in a position where it is would be too late to comply with Decision No. 12-02-035 because it would be unable to build out the entire 125 MW of UOG SPVP prior to the end of the program in June 2014.

Therefore, SCE requests that pursuant to Rule 16.4(h), the Commission issue an immediate order staying the requirement that SCE be required to develop 125 MW of UOG in the SPVP. SCE also respectfully urges the CPUC to act expeditiously on this Petition for Modification.

II.

BACKGROUND

In 2008, during different economic conditions, SCE filed Application No. 08-03-015 before the Commission, seeking the creation of a 250 MW UOG SPVP to, among other things, (1) advance the development of solar generation to help meet the State's renewable energy goals, and (2) share with the State and energy industry key information about improving the efficiency of SPVP installations and their interaction with the local distribution system. In Decision No. 09-06-049, the Commission approved SCE's request for a 500 MW SPVP (adding 250 MW IPP procurement to the SPVP).[14]

Subsequently, SCE found the need to modify its SPVP because it recognized that its customers were paying a substantial premium over SPV generation procured in other procurement programs as well as in the IPP portion of the SPVP. Additionally, SCE's UOG SPVP commitments had changed. SCE's evaluation of its SPVP revealed that there was a reduction in the number of viable SPV sites, and SCE became concerned about the relatively high costs of the UOG portion of the SPVP compared to market alternatives for solar projects. In February 2011, as it became apparent to SCE that additional

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[14] In that decision, the CPUC also doubled the size of the program from 250 MW to 500 MW by ordering SCE to seek competitive bids for an additional 250 MW of solar PV rooftops that would be owned, installed, operated, and maintained by Independent Power Producers ("IPPs").

sites were no longer available or technically/economically feasible, SCE filed a Petition for Modification of Decision No. 09-06-049 and requested that the CPUC reduce the UOG SPVP to 125 MW, which reflected SCE's existing commitments and build-out plan at that time.[15]

A year after SCE filed its February 2011 petition, the CPUC issued Decision No. 12-02-035 which granted, in part, SCE's petition and found that the UOG portion would include no more than 125 MW of UOG SPV projects.[16] Although the CPUC indicated its expectation that SCE develop 125 MW in the UOG portion of the SPVP, the CPUC contemplated that the UOG portion could fall below 125 MW in that it provided a process whereby SCE could submit a Tier 2 advice letter seeking CPUC authorization if SCE planned to own less than 115 MW of UOG by the end of year five of the SPVP.[17]

SCE's SPVP is a dynamic program in which the number of viable committed sites fluctuates due to the many reasons projects can fail, including, overloaded or constrained circuits which are unable to allow for additional generation to connect without significant upgrades to the distribution system, building roof conditions, wind loading vs. roof load-bearing capability, building structural capabilities that will not allow the weight of a solar installation on the rooftop, difficulties in obtaining building tenant or landlord construction approval, inability to agree with a building tenant or landlord of acceptable terms and conditions within a lease agreement, inability to obtain a suitable building permit to construct the solar facility, interconnection applications that require unanticipated upgrades which cause excessive costs and lengthy interconnection construction schedules, and the economics of smaller

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[15] Specifically, SCE proposed to allocate a portion of the UOG and IPP SPVP by reducing the UOG and IPP portions of the SPVP to no more than 125 MW each, but adding 250 MW of an IPP revised solicitation.
In SCE's February 2011 petition, SCE notified the CPUC that one impact of reducing the UOG portion of the SPVP was that SCE may not be able to meet the cost target and reasonableness threshold set in Decision No. 09-06-049 since the cost benchmarks set by the CPUC for the UOG portion of the program were based upon a 250 MW program and not the reduced size of 125 MW. SCE explained that the impact of lost volume and lost economies of scale may have an impact on project cost. SCE's February 11, 2011 Petition for Modification, FN 31. The same applies with respect to this Petition for Modification and SCE's request to reduce the UOG portion of the SPVP to 91 MW. SCE is aware and understands that if SCE does not meet the cost target and reasonableness threshold set in Decision No. 09-06-049, any costs above \$3.85/W will be subject to a reasonableness review. Decision No. 09-06-049, Conclusion of Law 10, mimeo, p. 57.

[16] Specifically, the SPVP envisioned in D. 12-02-035 would include no more than 125 MW of UOG, no more than 125 MW owned by IPPs, and 225 MW to be procured through the Renewable Auction Mechanism (RAM).

[17] Decision No. 12-02-035, mimeo, p. 16.

sized roofs that are not viable under the cost requirements of Decision No. 09-06-049. While SCE appreciates and supports the CPUC's decision in Decision No. 12-02-035 to grant, in part, SCE's February 2011 petition, the fact is that SCE's existing commitments and build-out plans have changed again due to the passage of time. By May 2012, SCE's program consisted of 110 MW of UOG SPVP, consisting of 85 rooftop projects and 25 MW of ground-mount projects. Following the CPUC's direction in Decision No. 12-02-035 that SCE could file a Tier 2 advice letter, SCE filed Advice Letter 2724-E, which requested authorization to procure no more than 110 MW of UOG in the SPVP. By letter dated June 13, 2012, the Energy Division rejected Advice Letter 2724 indicating that the intent of Decision No. 12-02-035 was that SCE demonstrate a reasonable effort to procure 125 MW of UOG in the SPVP, or to explain to the CPUC why SCE would fail to reach that target.[18] According to the Energy Division, SCE's request to reduce the UOG portion of the SPVP to no more than 110 MW would be a modification of the CPUC's intent in Decision No. 12-02-035 and would require SCE to file a petition for modification of this decision.

As SCE continues performing due diligence on the various solar projects, SCE's SPVP UOG program's build-out plans have changed again. As of July 2012, there have been additional projects which appear to be at risk due to forecasted, high upgrade costs to achieve interconnection of a facility and delays in the schedule to construct the necessary interconnection upgrades due to the type of reasons identified in the paragraph above. Therefore, SCE submits this Petition for Modification and requests that the Commission permit SCE to reduce the UOG portion of the SPVP to 91 MW, which is based on SCE's current UOG commitments of 6.7 MW of SPV ground-mounted projects that have been energized and 84 MW of SPV rooftop projects that have been energized, are in construction, or are expected to be built.

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[18] See Attachment A.

III.

THE SOLAR INDUSTRY HAS BECOME COMPETITIVE IN CALIFORNIA

When SCE proposed the SPVP in March 2008,[19] the SPV market was much smaller in California and typically not competitive with other renewable generating technologies. SCE believes that the SPVP has accomplished its stated goals, namely:

- ***Market Transformation***: Today, SPV is a competitive generating resource within the renewable market as evident by the fact that SCE has over 2,000 MW of SPV contracts executed. SCE's California Solar Initiative program has also seen a large increase in customer-owned Net Energy Metering sites with over 450 MW installed.
- ***Improved Processes*** – The SPVP has led to major improvements in the business models (rooftop leases, procurement strategy, etc.) as well as technical innovations (streamlined interconnections, reduced construction costs, equipment designs and changes, etc.)
- ***Developed PV Installation Workforce*** – In cooperation with the IBEW Local 47, there has been a growth in the PV installation workforce, which has brought clean green energy skills and many jobs to Californians.
- ***Advanced PV Industry Knowledge*** – There has been strong utility collaboration with organizations like the National Renewable Energy Laboratory and Electric Power Research Institute that have produced high-penetration PV studies and SPV best practices reports based upon SPVP UOG's experiences and results.

Specifically, as a result of the UOG portion of the SPVP, SCE has executed agreements with approximately 25 new projects. SCE's SPVP UOG has thus helped to advance the sharing among state and energy leaders key information about improving the quality, designability, constructability and reliability of SPV installations and their effects upon the local distribution system.

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[19] Application No. 08-03-15.

IV.

CHANGED ECONOMIC CIRCUMSTANCES SUPPORT THE NEED FOR A REDUCED UOG SPVP

In Decision No. 12-02-035, the Commission recognized that it was appropriate to modify the SPVP due to at least three changed circumstances.[20] The same circumstances recognized in that decision are still present today and justify a further modification to the UOG portion of the SPVP through the granting of this Petition.

A. Solar PV Purchased Power Prices Are Falling Resulting In Customer Savings If SCE Does Not Build SPV Projects And Instead Buys Renewable Energy Through Other Programs

In Decision No. 12-02-035, the Commission recognized that "solar PV costs have fallen and program modifications offer the best opportunity to secure savings for ratepayers."[21] As also recognized by the CPUC, SCE's ability to buy (as opposed to build) SPV through the RPS program demonstrates that it is beneficial to reduce the UOG portion of the SPVP to capture these savings:

> "Other evidence also shows solar PV prices are falling. SCE estimates the savings from its proposed SPVP modifications to be about $300 million in present value of revenue requirements. While some parties question SCE's estimate, no party claims the proposed modifications would produce no savings. We pledged in adopting SPVP that we would carefully monitor program progress, examine ways in which the program could be improved, and adjust the program as appropriate. Modifications to SPVP are now necessary and appropriate to capture valuable savings."[22]

Indeed, the CPUC emphasized that reducing costs to customers is one of the key reasons that the CPUC determined that it was appropriate in Decision No. 12-02-035 to reduce the UOG portion of SPVP:

> "As modified, the program will be no more than 125 MW of utility ownership, no more than 125 MW of independent power producer ownership, and 225 MW to be procured through the Renewable Auction

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[20] Section 3.1 of Decision no. 12-02-035.
[21] Section 3.1.1 of Decision No. 12-02-035, mimeo pp. 7-8.
[22] Id., mimeo p. 8.

> mechanism program. We do this to reduce costs, promote simplicity, maximize program efficiency, and minimize market disruption."[23]

Reducing the UOG portion of the SPVP program to 91 MW, as requested in this Petition, would continue to save customers money from having to bear the costs associated with SCE building relatively higher-cost rooftop SPV projects when SCE could buy these same renewable energy generated from SPV facilities through competitive, CPUC authorized procurement programs. SCE is currently under SB 2(1x), which establishes a goal for SCE to deliver 33 percent of its electricity from renewable resources, including solar, by year 2020.[24] Since SCE's SPVP would contribute to SCE's efforts to meet this goal, a reduction in SCE's UOG portion of the SPVP would mean that SCE would likely purchase lower cost renewables and still meet the goals of SB2(1x). Indeed, SCE has found that since the inception of the SPVP, SCE has been receiving competitive SPV bids via the Renewable Standard Contract Solicitation and the RAM.. Furthermore, the Commission has established its ReMAT program, which provides another opportunity to procure renewable energy.

Specifically, SCE proposes that the CPUC's requirement for the UOG portion of the SPVP be reduced by 34 MW to account for approximately 18 MW of ground-mount projects that SCE believes may not be able to meet the time and cost constraints of the SPVP due to excessive interconnection upgrade costs and lengthy interconnection construction schedules. SCE estimates that by reducing the UOG portion of the SPVP by 18 MW for these ground-mount projects, SCE's customers will save approximately $55 million in capital spending, plus $770,000/year in O&M costs. Further, SCE proposes to reduce approximately 16 MW of rooftop projects which SCE believes may not be able to meet the time and cost constraints of the SPVP due to the lack of available buildings which (1) have roofs capable to hold a SPV system that is more than 1 MW, (2) contain structurally sound rooftops, (3) are located in an area with sufficient local load and are not location on constrained distribution circuits, and (4) are in a jurisdiction which allows for a suitable building permit to construct the SPV facility. SCE estimates that by reducing the UOG portion of the SPVP by 16 MW for these rooftop projects,

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[23] Decision No. 12-02-035, mimeo p. 2.

[24] SB 2(1x) was signed into law in April 2011.

SCE's customers will save approximately $45 million in capital spending, plus $630,000/year in O&M costs. Finally, given the CPUC's emphasis that the purpose of the SPVP is to develop rooftop solar PV,[25] SCE submits that the elimination of these projects from the UOG portion of the SPVP does not impede the CPUC's goal of maintaining a robust solar PV rooftop project while purchasing renewable energy at the best prices in the interests of the SCE's customers.

B. The Economic Downturn Has Continued To Negatively Impact The Viability Of Solar PV Projects

Second, in Decision No. 12-02-035, the CPUC recognized that the lingering economic downturn was another changed circumstance that supported adoption of SCE's February 2011 petition:

> "[T]he lingering economic downturn has slowed development opportunities. New roof have the greatest chance of being structurally and economically suitable for coverage by solar panels. The weak economy, however, has diminished opportunities by reducing the amount of new large commercial and industrial construction with rooftop space available for solar PV installations."[26]

SCE's evaluation of its SPVP has revealed that the number and availability of SPVP rooftop vendors is fluid, and many projects are deemed not feasible due to their high cost or technical difficulties as noted in Section II of this Petition.

As discussed above, SPV ground-mount projects account for the majority of the proposed reduction of MW to the UOG portion of the SPVP. Interconnection costs and schedule assumptions changed significantly while SCE was attempting to secure its development rights and obtain site control from the land owners resulting in indications that the ultimate interconnection upgrade costs will be high and the interconnection construction schedules will be lengthy. While SCE has not ruled out constructing these sites as originally planned, SCE feels compelled to inform the Commission that these sites are at risk and may not be developed under SPVP UOG under Decision No. 09-06-049.

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[25] "SPVP, as modified, still advances the specific projects at issue here by directing 200 MW to rooftop solar PV." Decision No. 12-02-035, mimeo p. 12.

[26] Decision No. 12-02-035, mimeo p. 8.

C. The Gap In Development Of One To Two MW Wholesale Distributed Solar Projects Has Been Reduced

Finally, the Commission's third changed circumstance identified in Decision No. 12-02-0335 is still applicable today. In that decision, the CPUC noted that programs, such as the CREST[27] and the RAM have now been created or modified that provide support to the one-to two MW market segment, including rooftop solar PV facilities.[28] In fact, SCE's Renewable and Alternative Power Group's ("RAP") first SPVP Request for Offers ("RFO") contracted for 51 MW_{DC} from IPPs in July 2010. The second SPVP RFO was launched on March 12, 2012. In order to be eligible in that solicitation, offerors will need to submit a completed interconnection study or pass fast track screens by the auction date of July 20, 2012 in order to meet the Commercial Operation Deadline of May 31, 2014. In addition, the CREST program has been modified by SB 32, and is now called the Renewable Market Adjusting Tariff ("Re-MAT"), increasing the size of eligible renewable projects from 1.5 MW to 3 MW. This program currently has 76 projects under contract with SCE. Finally, in 2011, the CPUC implemented the RAM for California's large IOUs which is limited to facilities not greater than 20 MW. Under this program, SCE is required to procure 723.4 MW over 4 solicitations throughout a 2-year period. SCE has executed 165 MW of RAM projects to date and is in the process of completing its second RAM auction, in which it expects to execute approximately 186 MW in renewable energy contracts.

V.

CONCLUSION

The CPUC recognizes the need for the SPVP program to be flexible and adapt to changed circumstances in the best interests of customers. Based on changed circumstances, the CPUC reduced the SPVP program in Decision No. 12-02-035 to be consistent with SCE's SPVP commitments at the time SCE submitted its February 2011 Petition for Modification. Given the passage of time, SCE's

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27 CREST is in the process of being transitioned to the Renewable Market Adjusting Tariff ("Re-MAT").

28 Decision No. 12-02-035, mimeo pp. 8-9.

commitments have again changed, thus prompting the filing of this Petition for Modification. The same changed circumstances identified in Decision No. 12-02-035 are applicable today and justify further reduction in SCE's UOG portion of the SPVP. The UOG portion of SCE's SPVP has been successful. However, it is in SCE customers' best interest to reallocate a portion of the MW in the UOG portion of the SPVP to the RAM, similar to the reassignment in Decision No. 12-02-035.

Therefore, for the reasons stated above and in this Petition for Modification, the CPUC should modify Decision No. 12-02-035 such that: (1) the UOG portion of the SPVP is reduced from 125 MW to 91 MW, and (2) reassign 34 DC MW from the UOG portion of the SPVP to SCE's obligations in the RAM program (which would mean an increase of 31 AC MW to SCE's portion of in the RAM).

Pursuant to Rule 16.4(h), the Commission should also issue an immediate order staying SCE's obligation under Decision No. 12-02-035 to develop at 125 MW UOG SPVP, pending disposition of this Petition for Modification. SCE also requests expedited resolution of this Petition for Modification.

Respectfully submitted,

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/s/ Gloria M. Ing
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July 27, 2012

Attachment A

STATE OF CALIFORNIA Edmund G. Brown Jr., *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

June 13, 2012 **Advice Letter 2724-E**

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770

Subject: Request Regarding UOG Procurement in SCE's Solar Photovoltaic Program

Dear Mr. Jazayeri:

Southern California Edison's (SCE) Advice Letter (AL) 2724-E, requesting authorization to reduce its utility-owned generation (UOG) allocation for its solar photovoltaic program (SPVP) to 110 MW, is denied.

The Solar Energy Industries Association (SEIA) protested AL 2724-E on the grounds that SCE's request was inconsistent with the intent of Commission Decision (D.) 12-02-035. SEIA's interpretation of the intent of D.12-02-035 on this issue is correct.

D.12-02-035 granted SCE's request to reduce its UOG allocation in its SPVP program from 250 MW to 125 MW. In addition, the Decision also addressed whether SCE may procure less than 125 MW for the UOG portion of its SPVP program:

> *"We reduce the UOG portion to no more than 125 MW as proposed, but we expect SCE to develop 125 MW, or as close to 125 MW as reasonable. We also expect SCE to explain in its periodic SPVP reports why it is not on target to achieve 125 MW of UOG if that is the case, and explain what steps it is taking to achieve 125 MW . . . if SCE plans to own less than 115 MW of UOG by the end of year five, SCE must file a Tier 2 advice letter seeking authorization. The advice letter must be filed no later than 180 days before the end of year five.[1]"*

The intent of the Decision is clear. To modify that intent, it would be appropriate for SCE to file a petition to modify D.12-02-035.

[1] "Section 3.2 Reduce UOG to No More Than 125 MW." CPUC Decision 12-02-035, p. 15-16.

In D.12-02-035, the Commission granted SCE the authority to request a further reduction of its UOG target only if the utility "plans to own less than 115 MW of UOG by the end of year five.[2]" For SCE to seek that reduction now, before it has demonstrated a reasonable effort to procure 125 MW of UOG in its SPVP program or to explain to the Commission why it would fail to reach that target, is contrary to the intent of D.12-02-035.

Advice Letter 2724-E is denied.

Sincerely,

Edward Randolph
Director, Energy Division
California Public Utilities Commission

Cc Adam Schultz, CPUC Energy Division
Darrah Morgan, SCE
Jeanne B. Armstrong, Counsel for SEIA

[2] *Id.*

Attachment B

PROPOSED CHANGES TO CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS IN DECISION NO. 12-02-035

New Conclusion of Law

7. SCE's subsequent July 27, 2012 Petition for Modification should be granted to the extent that it reduces the UOG portion of the SPVP to 91 MW due to continued changed circumstances we identified in Decision No. 12-02-035.

New Ordering Paragraph

5. The July 27, 2012 Petition for Modification by Southern California Edison Company for modification of Decision No. 12-02-035 is granted.

Additional Modifications:

- References to the 125 MW UOG portion of the SPVP should be changed to 91 MW on pages 2, 7, 15, 16, 27, 30 (Finding of Fact 7)
- References to the 225 AC MW to be procured through the Renewable Auction Mechanism should be changed to 256 AC MW on pages 2, 22-25, 27-28, 31 (Findings of Fact 14, 16)
- At the end of the first paragraph in Section 3.1.3, the following sentence should be added: "In addition, SCE estimates a reduction of 34 MW in the UOG portion of the SPVP would result in SCE's customers saving approximately $100 million in capital spending, plus $1.4 million/year in O&M costs."