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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue
Implementation and Administration of
California Renewables Portfolio Standard
Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**ASSIGNED COMMISSIONER'S RULING IDENTIFYING ISSUES AND
SCHEDULE OF REVIEW FOR 2013 RENEWABLES PORTFOLIO STANDARD
PROCUREMENT PLANS PURSUANT TO PUBLIC UTILITIES CODE
SECTIONS 399.11 ET SEQ. AND
REQUESTING COMMENTS ON A NEW PROPOSAL**

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Attachment A: 2013 Schedule

**ASSIGNED COMMISSIONER'S RULING IDENTIFYING ISSUES AND
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1. Summary

Pursuant to the authority provided in Pub. Util. Code § 399.13(a)(1),¹ today's ruling identifies issues and sets a schedule for the Commission's review of the 2013 Renewables Portfolio Standard (RPS) Procurement Plans and of related documents for electric corporations. Pursuant to § 365.1² and Decision (D.) 11-01-026,³ this ruling also identifies the filing requirements applicable to electric service providers (ESPs).

¹ § 399.13(a)(1) orders the Commission to "direct each electric corporation to annually prepare a renewable energy procurement plan...to satisfy its obligations under the renewables portfolio standard." All subsequent code section references are to the Public Utilities Code unless otherwise indicated.

² § 365.1 was enacted by Senate Bill (SB) 695 (Kehoe, Stats. 2009, ch. 337) and provides, among other things, for the phased and limited reopening of direct access transactions in the service territories of the three large utilities. The statute also requires that, once the Commission has begun the process of reopening direct access, the Commission shall equalize certain program requirements between the three large utilities and "other providers," including ESPs. Section 365.1 expressly exempts community choice aggregators from its requirements and does not address small and multi-jurisdictional utilities. Consequently, D.11-01-026 did not address RPS procurement requirements as they apply to community choice aggregators or small and multi-jurisdictional utilities.

³ Pursuant to § 365.1, D.11-01-026 *Decision Revising Rules for the Renewables Portfolio Standard Pursuant to Senate Bill 695* found that almost all significant RPS requirements currently apply equally to large investor-owned utilities (IOUs') and ESPs. The decision adds to the RPS obligations of ESPs, such as the filing of RPS Procurement Plans for Commission approval. D.11-01-026 at Ordering Paragraph (OP) 1.

The Commission has adopted a framework for consideration of RPS Procurement Plans for electric corporations in prior decisions. The most recent decision is D.12-11-016.⁴ Consistent with the general process referred to in D.12-11-016, other prior Commission decisions, and the requirement in SB 2 1X,⁵ this ruling requires the filing of proposed RPS Procurement Plans for 2013 and sets forth the information required therein. After the Commission considers these proposed procurement plans, the Commission will issue a decision on these plans, consistent with the direction set forth in § 399.13(a)(1).⁶

In addition, this ruling seeks comments on a new proposal to modify the existing RPS procurement plan process. This new proposal, which is set forth at section 7, herein, again revisits the concept of relying on a two-year planning cycle for RPS Procurement Plans. Parties may file comments on this proposal as set forth in the schedule at Attachment A.

Additional background on the RPS procurement process, such as the solicitation timeline, is set forth below together with the issues to be considered and the procedural schedule (Attachment A).

⁴ *Decision Conditionally Accepting 2012 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan Off- Year Supplement* (November 8, 2012, R.11-05-005). In D.12-11-016, the Commission adopted RPS Procurement Plans for the year 2012.

⁵ SB 2 1X (Simitian, Stats. 2011, ch. 1) enacted in the First Extraordinary Session of the Legislature (effective December 10, 2011).

⁶ § 399.13(a)(1) states that the Commission shall review and accept, modify, or reject each utilities' RPS Procurement Plan prior to the commencement of renewable energy procurement pursuant to this Article 16 of the Pub. Util. Code.

2. General Requirements for 2013 RPS Procurement Plans

The Order Instituting Rulemaking (OIR) initiating this proceeding was adopted by the Commission on May 5, 2011. An initial prehearing conference was held on June 13, 2011. A *Scoping Memo and Ruling of Assigned Commissioner* was issued July 8, 2011. Two subsequent scoping memos have also been issued. An amended scoping memo was issued on September 12, 2012, *Amended Scoping Memo and Ruling of Assigned Commissioner*. A second amended scoping memo was issued on January 9, 2013, *Second Scoping Ruling and Ruling of Assigned Commissioner*.

The July 8, 2011 scoping memo noted, among other things, that SB 2 1X made a number of changes to the RPS program.⁷ Most notably, SB 2 1X extended the RPS procurement goal from 20% of retail sales of all California electrical corporations, ESPs, and Community Choice Aggregators (CCAs) by the end of 2010, to 33% of retail sales of electrical corporations, ESPs, CCAs and publicly-owned utilities (POU's) by the end of 2020.⁸ The two subsequent scoping memos identified additional issues resulting from recently-enacted legislation and other issues to improve the administration of the RPS program and the value it brings to Californians.

⁷ The RPS program is codified at §§ 399.11 *et seq.* The RPS program was first established by SB 1078 (Sher, Stats. 2002, ch. 516), which set a goal for retail sellers of providing 20% of their retail sales from eligible renewable energy resources by 2017. SB 107 (Simitian, Stats. 2006, ch. 464), accelerated the 20% goal to 2010, as well as making other changes in the RPS program. *See also*, OIR (May 5, 2011) for this proceeding at 1 and 7.

⁸ The Commission has jurisdiction, for RPS purposes, over the first three groups of retail sellers and not over POU's. *See* §399.12(j) and § 399.30(p).

In D.12-11-016, the Commission refined the RPS Procurement process as part of its implementation of SB 2 1X. The Commission has also implemented SB 2 1X in several Commission decisions, including D.11-12-020,⁹ D.11-12-052,¹⁰ D.12-05-035,¹¹ and D.12-06-038.¹² These Commission decisions contain directives that require modifications to the RPS Procurement process. Compliance with those directives when developing all future RPS procurement plans is required. The details of these decisions are not repeated here.

Consistent with the Commission's decisions and applicable legislative changes, compliance with all of the requirements set forth below is required by Pacific Gas and Electric Company (PG&E), Southern California Electric Company (SCE), San Diego Gas & Electric Company (SDG&E) (collectively investor-owned utilities or IOUs). Small and multi-jurisdictional utilities are subject to a subset of the requirements set forth below. ESPs are also subject to a subset of these requirements, as described below.

⁹ *Decision Setting Procurement Quantity Requirements for Retail Sellers for the Renewables Portfolio Standard Program*, December 1, 2011.

¹⁰ *Decision Implementing Portfolio Content Categories for the Renewables Portfolio Standard Program*, December 15, 2011.

¹¹ *Decision Revising Feed-In Tariff Program, Implementing Amendments to § 399.20 Enacted by SB 380, SB 32, and SB 2 1X, and Denying Petition for Modification of D.07-07-027*, May 24, 2012. D.13-01-041 denied rehearing of D.12-05-035 as modified, *Order Modifying Decision (D.) 12-05-025, and Denying Rehearing of Decision, as Modified* (January 24, 2013).

¹² *Decision Setting Compliance Rules for the Renewable Portfolio Standard Program*, June 21, 2012.

When filed with the Commission, all of the proposed 2013 RPS Procurement Plans must achieve the following:

1. Describe the overall plan for procuring RPS resources for the purposes of satisfying the RPS program requirements while minimizing cost and maximizing value to ratepayers. This includes, but is not limited to, any plans for building utility-owned resources, investing in renewable resources, and engaging in the sales of RPS eligible resources.
2. The various aspects of the plans themselves must be consistent. For instance, bid solicitation protocol should be consistent with any statements and calculations regarding a utility's renewable net short position.
3. The plans should be complete in describing and addressing procurement (and sales) of RPS eligible resources such that the Commission may accept or reject proposed contracts based on consistency with the approved plan, including any calculation of RPS procurement net short position.¹³
4. Electric corporations should work collaboratively to make the format of the plans as uniform as possible to enable parties, bidders, and the Commission to easily access, review and compare the plans.

Attachment A is the procedural schedule for the Commission's review of the 2013 RPS Procurement Plans. Updates to the filed proposed 2013 RPS

¹³ As of the date of this ruling, the methodology can be found at the August 2, 2012 ruling, *Administrative Law Judge's Ruling (1) adopting renewable net short calculation methodology (2) incorporating the attached methodology into the record, and (3) extending the date for filing updates to 2012 Procurement Plans*. Possible revision to the renewable net short methodology is an issue in the September 12, 2013 Amended Scoping Memo for R.11-05-005. If an updated methodology is adopted before filing of draft RPS Procurement Plans, the updated methodology should be used.

Procurement Plans may be provided consistent with the schedule at Attachment A.

3. Utilities Subject to § 399.17

SB 2 1X revised the RPS procurement requirements for multi-jurisdictional utilities and their successors¹⁴ to allow these utilities to meet their RPS procurement obligations without regard to the portfolio content category limitations in § 399.16.¹⁵ It also continues the ability of a multi-jurisdictional utility, i.e., PacifiCorp, to use an Integrated Resource Plan (IRP) prepared for regulatory agencies in other states to satisfy the annual RPS Procurement Plan requirement so long as the IRP complies with the requirements specified in § 399.17(d).

As required by D.08-05-029, PacifiCorp is required to file and serve its IRP in Rulemaking (R.) 11-05-005 at the same time it files with the jurisdictions requiring the IRP. PacifiCorp filed its 2013 IRP with the Commission on April 30, 2013.

PacifiCorp is also required to file and serve its IRP *supplement* within 30 days of filing the IRP in R.11-05-005. This supplement is to include an analysis of how the IRP and supplement comply with the requirements in § 399.17(d).

CalPeco, on the other hand, does not prepare an IRP because it is not subject to the jurisdiction of another state. It should, therefore, prepare an RPS

¹⁴ PacifiCorp is a multi-jurisdictional utility for RPS purposes. California Pacific Electric Company (CalPeco) is a successor entity (previously Sierra Pacific Power Company) under § 399.17 and not a multi-jurisdictional utility because it has customers only in California.

¹⁵ § 399.17(b).

Procurement Plan subject to the same requirements as a small utility under § 399.18.

4. Utilities Subject to § 399.18

SB 2 1X makes special provisions for the two small utilities existing at the time the legislation was drafted.¹⁶ Section 399.18(b) allows a small utility to meet the RPS procurement obligations without regard to the portfolio content category limitations in § 399.16.

A small utility must file a procurement plan pursuant to § 399.13(a)(5), but it should be tailored to the limited customer base and the limited resources of a small utility.

Accordingly, BVES, as well as CalPeco, should prepare an RPS Procurement Plan providing the information required in sections 6.1 through 6.4 and 6.12 of this ruling. BVES and CalPeco are not required to provide the quantitative information described by section 6.5 in a separate submission but may provide quantitative information to support the written assessments.

5. Electric Service Providers

As provided in D.11-01-026, ESPs must file RPS Procurement Plans. Many of the new requirements of § 399.13(a)(5) do not reasonably apply to ESPs. Therefore, each ESP must file a proposed RPS Procurement Plan that complies with the requirements of sections 6.1 through 6.6, below.

¹⁶ § 399.18(a)(1) describes Bear Valley Electric Service (BVES); § 399.18(a)(2) describes the former Mountain Utilities. Mountain Utilities was purchased by Kirkwood Public Utility per D.11-06-032. Mountain Utilities is no longer considered a retail seller subject to the Commission's RPS jurisdiction.

6. Specific Requirements for 2013 RPS Procurement Plans

As discussed in this section, the 2013 Procurement Plans must include all information required by statute as well as quantitative analysis supporting the retail seller's qualitative assessment of its portfolio and future procurement decisions.

Responses to all sections except sections 6.5, 6.12, and 6.13 shall be provided qualitatively in writing. Responses to sections 6.5 and 6.11 shall be provided in a numerical/quantitative format to support the written responses to sections 6.1 – 6.4, 6.6, and 6.7. The information in the Procurement Plans should be non-confidential, to the greatest extent possible, and all sources of information must be identified with citations, if any. All assumptions underlying these responses must be clearly stated.

6.1. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)

Provide a written description assessing annual and multi-year portfolio supplies and demand in relation to RPS requirements, the RPS program, and the RPS program's overall goals to determine the retail seller's optimal mix of eligible renewable energy resources.

The assessment should consider, at a minimum, a 20-year time frame with a detailed 10-year planning horizon that takes into account both portfolio supplies and demand. This written description must include the retail seller's need for RPS resources with specific deliverability characteristics, such as, peaking, dispatchable, baseload, firm, and as-available capacity as well as any additional factors, such as ability and/or willingness to be curtailed, operational flexibility, etc.

This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations. Where applicable, assessment should also identify and incorporate impacts of overall energy portfolio requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings (e.g. Long-Term Procurement Plans Proceeding), other agencies requirements, and other policies or issues that would impact RPS demand and procurement.

Additionally, the assessment should address the retail seller's need for and plan for procuring resources that satisfy the three portfolio content categories of RPS procurement.¹⁷ Lastly, it must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.

**6.2. Project Development Status Update -
§ 399.13(a)(5)(D)**

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract but not yet delivering generation. This written status update may rely upon the most recent filed Project Development Status Reports¹⁸ but must elaborate upon these reports and should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. Providing a copy of the Project Development Status Report will not be a sufficient response. The status

¹⁷ See D.11-012-052, *Decision Implementing Portfolio Content Categories for the Renewables Portfolio Standard Program*, issued December 15, 2011.

¹⁸ In D.06-05-039 the Commission adopted the requirement that the IOUs submit Project Development Status Reports providing information on whether each Commission-approved RPS project is on target with the project's milestones and

Footnote continued on next page

updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller's net short and its procurement decisions for a 10-year planning horizon.

6.3. Potential Compliance Delays - § 399.13(a)(5)(B)

Describe in writing any potential issues that could delay RPS compliance, including, but not limited to inadequate transmission capacity, delayed substation construction, financing, permitting, and the relationship, if any, to deliveries and project development delays. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the potential compliance delays will impact the retail seller's RPS net short and its procurement decisions.

6.4. Risk Assessment - § 399.13(a)(5)(F)

Provide a written assessment of the risk in the RPS portfolio in relation to RPS compliance requirements. Risk assessment should describe risk factors such as those described above regarding compliance delays, as well as the following: lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.) and impacts to eligible renewable energy resource projects currently under contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5 and section 6.6. Given this analysis, discuss how the risk

projected initial operation date. Section 6.3 is a new requirement for RPS Procurement

Footnote continued on next page

assessment will impact the retail seller's net short and its procurement decisions. The written assessment must explain how quantitative analysis provided in response to section 6.5 supports this response.

6.5. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F)

In addition to the written descriptive responses to section 6.1 through 6.4, provide quantitative data, methodologies, and calculations relied upon to assess the retail seller's RPS portfolio needs and RPS procurement net short. This quantitative analysis must take into account, where appropriate, the quantitative discussion requirement by sections 6.1-6.4, above. As stated above, the portfolio assessment should be for a minimum of 20 years in the future. The responses must be clear regarding the quantitative progress made towards RPS requirements and the specific risks to the electrical corporation's RPS procurement portfolio. Risks may include, but are not limited to, project development, regulatory, and market risks. The quantitative response must be provided in an Excel spreadsheet based on the most recently directed renewable net short methodology.¹⁹

Plans pursuant to SB 2 1X.

¹⁹ As of the date of this ruling, the methodology directed in the Administrative Law Judge's August 2, 2012 Ruling, *Administrative Law Judge's Ruling (1) adopting renewable net short calculation methodology (2) incorporating the attached methodology into the record, and (3) extending the date for filing updates to 2012 Procurement Plans* is the most recent renewable net short methodology. Possible revision to the renewable net short methodology is an issue in the September 12, 2013 Amended Scoping Memo for R.11-05-005. If an updated methodology is adopted before filing of draft RPS Procurement Plans, the updated methodology should be used.

6.6. Portfolio Optimization Strategy

Based on the above assessment provided in response to sections 6.1 – 6.5, include an RPS Portfolio optimization strategy for the next ten years. The scope of the optimization strategy should cover how ratepayer costs are minimized, portfolio value is maximized, RPS compliance is met and maintained, and risk²⁰ is managed. Specifically, a response should include:

- a. Specification of objectives of portfolio optimization strategy;
- b. Description of methodology or model used to define portfolio optimization strategy;
- c. Identification of metrics (e.g. PPA costs, energy value, capacity value, interest costs, carrying costs, transaction costs, etc.) within methodology or model;
 - i. Description of how metrics are measured or valued (e.g. PPA costs in \$ per megawatt-hour (MWh) based on executed contracts or forward REC prices in \$/MWh based on internal forecasts);
 - ii. Description of how metrics are maximized/minimized in optimization strategy and quantification of metric based on optimization strategy (e.g. x million in ratepayer costs avoided by selling y gigawatt-hours (GWh) or x reduction in rates by contracting for y number of curtailment hours);
- d. Identification of risks (e.g. non-compliance with RPS requirements, regulatory risk, overprocurement of non-bankable RPS-eligible products, etc.) and constraints included in optimization strategy;

²⁰ Assessment of risk is not limited to RPS compliance risk discussed in section 6.4, *see* also section 6.6.(d)

- i. Description of metrics used to measure risk (e.g. value-at-risk, likelihood of non-compliance);
- ii. Identification of appropriate ranges of risks identified;
- e. Description of activities and overall range of transactions planned to optimize portfolio; and
- f. Identification and quantification of likely impacts of optimization strategy on ratepayers, shareholders, and market.

**6.7. “Minimum Margin” of Procurement -
§ 399.13(a)(4)(D)**

Section 399.13(a)(4)(D) provides, in part, that the Commission shall adopt, by rulemaking, “[a]n appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewable portfolio standard to mitigate the risk that renewable projects planned or under contract are delayed or canceled.”

This ruling directs PG&E, SCE, and SDG&E to identify in their proposed 2013 RPS Procurement Plans the assumed minimum margin of procurement above the minimum procurement level necessary to comply with the RPS program to mitigate the risk that renewable projects planned or under contract are delayed or cancelled.

Each proposed 2013 RPS Procurement Plan shall include a methodology and inputs regarding the utility’s proposed minimum margin of over-procurement metric. The methodology should be representative of and consistent with the utility’s inputs and assumptions in section 6.5. Also, the metric should be used to calculate the utility’s procurement needs pursuant to section 6.5. Additionally, use of any sensitivities or scenarios should be described. If the utility’s assumed minimum margin of over-procurement is not used to calculate a utility’s net short provided in response to section 6.5, then the

utility should clearly describe the reasons and any assumptions or other additional methodologies used to calculate the utility's proposed minimum margin of over-procurement.

6.8. Bid Solicitation Protocol, Including Least Cost Best Fit Methodologies - § 399.13(a)(5)(C) and D.04-07-029

Pursuant to § 399.13(a)(5)(C), 2013 RPS Procurement Plans must include a bid solicitation protocol setting forth the need for eligible renewable energy resources. If selling eligible renewable energy is part of 2013 RPS Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment and portfolio optimization strategy provided in sections 6.1 through 6.6 and the utility's renewable net short position. Additionally, solicitations should be specific regarding what quantity of products are being requested (or offered) and the required deliverability characteristics, online dates, term lengths, and locational preferences. The bid solicitation protocols should include, at a minimum, a solicitation schedule and pro forma agreements. Bid solicitations shall also include a detailed description of the utility's least cost best fit (LCBF) methodology consistent with D.04-07-029 and D.12-11-016 that clearly describes criteria (e.g. energy value, congestion cost, locational preference, term length, ability to be curtailed, operational flexibility, etc.) and how bids will be valued and evaluated based on the LCBF methodology.

6.9. No Requirement for a Transmission Ranking Cost Report

Costs needed for transmission investments and ongoing electrical corporation expenses resulting from integrating and operating renewable energy resources should be taken into account in the evaluation of renewable energy

bids.²¹ Pursuant to D.04-06-013²² and D.04-07-029²³ the IOUs have provided this transmission cost information in, among other forms, the Transmission Ranking Cost Reports (TRCRs). In D.04-06-013, the Commission directed PG&E, SCE and SDG&E to file TRCRs in conjunction with the initial solicitations for RPS procurement.²⁴ In subsequent solicitations, the assigned Commissioner continued the requirement that the IOUs file TRCR although not specifically required by a Commission decision. The TRCRs have provided estimated cost data used in the LCBF bid evaluation process and in the IOUs' relative ranking of bids. The general purpose of the TRCRs is to enable the consideration of transmission costs in the relative ranking of bids in response to an RPS procurement solicitation. Using information from the TRCRs, project developers incorporate estimated costs related to transmission upgrades into their bids and the IOUs rely on these cost estimates for the ranking of these bids.

²¹ D.03-06-071, Establishes policy rules within six months of legislative effective date, per statute.

²² D.04-06-013, *Interim Opinion Adopting Methodology for Consideration of Transmission Costs in the RPS Procurement* (June 9, 2004) at 45.

²³ In D.04-07-029, the Commission addressed D.04-06-013 stating at 3, "The task of developing any necessary bid adders was assigned to the Commission's Transmission Investigation (I.) 00-11-001, and an interim opinion on these issues was approved at our June 8, 2004 Commission Meeting."

²⁴ D.04-06-013 at 44, Conclusion of Law 4 states: "The Methodology for Development and Consideration of Transmission Costs in Initial Renewable Portfolio Standard Procurement appended as Attachment A should be adopted, with the further guidance provided in this order." The OP confirm that the Commission ordered an initial filing of the TRCRs.

In D.12-11-016, the Commission required that bids have a minimum of a completed California Independent System Operator Generator Interconnection Procedures Phase I (or equivalent) study to bid into a solicitation and that the studies would be used in LCBF evaluations to estimate transmission costs.²⁵ Therefore, the TRCRs are not needed to provide transmission cost estimates for evaluation of bids. As a result, the creation and submission of the TRCRs is not relevant and will not be required for the 2013 RPS Procurement Plans.

**6.10. Consideration of Price Adjustment Mechanisms -
§ 399.13(a)(5)(E)**

Pursuant to § 399.13(a)(5)(E), describe how price adjustments (e.g., index to key components, index to Consumer Price Index, price adjustments based on exceeding transmission or other cost caps, etc.) will be considered and potentially incorporated into contracts for RPS-eligible projects with online dates occurring more than 24 months after the contract execution date. Discuss how the price adjustments will maximize value for ratepayers and minimize potential risks to ratepayers.

**6.11. Lessons Learned and Additional
Policy/Procurement Impacts**

The RPS program and market continues to change each year due to new legislation and a maturing market. Additionally, more projects are successfully reaching commercial operation resulting in more eligible renewable energy being generated each year. Due to the evolving nature of the program, I find it important to look at what experience and expertise the IOUs have gained over the past year. In addition, I would like to better understand the impacts and

²⁵ D.12-11-016, OP 11.

influences on the RPS program's success. Therefore, IOUs must report on the following items:

- RPS lessons learned over the past year;
- RPS trends over the past year and potential future trends; and
- Impacts to RPS procurement (e.g. other Commission proceedings, other agencies, expiring tax credits, increasing intermittent energy in utilities portfolio, costs (project and portfolio), project development trends, market trends, etc.).

Additionally, describe how impacts and knowledge gained has affected 2013 RPS Procurement Plan.

6.12. Cost Quantification

Pursuant to SB 836 (Padilla, Stat. 2011, ch. 600, § 1)²⁶ and SB 2 1X (Simitian, Stat. 2011, 1st Extraordinary Session, ch. 1, § 32)²⁷ the Commission provided reports to the California Legislature in March 2013. The Commission's March 2013 Padilla Report, included cost data on all procurement contracts for eligible renewable energy resources approved by the Commission.²⁸ The information in the report was provided to the Commission by PG&E, SCE, and SDG&E and is grouped into the following broad categories: the utility, the type of technology, and the year (for each year from 2003 through 2012). The

²⁶ Adding § 911 to the Pub. Util. Code.

²⁷ Adding § 910 to the Pub. Util. Code.

²⁸ *The Padilla Report to the Legislature, The Costs of Renewables in Compliance with Senate Bill 836 (Padilla, 2011)*. This report can be found at <http://www.cpuc.ca.gov/PUC/energy/Renewables/index.htm>.

Commission's Section 910 Report provided data on PG&E's, SCE's, and SDG&E's 2011 direct and indirect costs associated with the RPS program and distributed generation programs, as well as other information related to the three large utilities' procurement and administrative activities.²⁹

To support the Commission's reporting to the Legislature pursuant to §§ 836 and 910, PG&E, SCE, SDG&E, Bear Valley, and CalPeco are required to include the information described in Table A, below, in their proposed 2013 RPS Procurement Plans. This information could also be used to inform the Commission's development of a cost containment mechanism, pursuant to §§ 399.15(c)-(h).

PG&E, SCE, and SDG&E shall coordinate with the Commission's Energy Division Staff to provide responses using a standardized methodology and format. Responses should be non-confidential to the greatest extent possible.

²⁹ Commission's Report to the Legislature in Compliance with Pub. Util. Code § 910. This report can be found <http://www.cpuc.ca.gov/PUC/energy/Renewables/index.htm>.

Table A
RPS Procurement Information Related to Cost Quantification

| Row | Item | Description |
|------------|---|--|
| 1. | Actual Direct Expenditures - per year | Total dollars expended on all RECs ³⁰ for every year from 2003 to present year. Direct Expenditures shall be reported by resource and technology type and reported for each year. |
| 2. | Actual REC Procurement (MWh)- per year | Total REC procurement for every year from 2003 to present year. Amounts shall be reported by resource and technology type and reported for each year. |
| 3. | Forecast Direct Expenditures - per year | Total forecasted dollar expenditures for all RPS-eligible procurement approved to date ³¹ . Forecasts Direct Expenditures shall be reported by resource and technology type and reported for each year from 2012-2030. |
| 4. | Forecast REC Procurement (MWh) - per year | Total forecasted REC procurement approved to date. Forecasts shall be reported by resource and technology type and reported for each year. |
| 5. | Incremental Rate Impact - per year | Total actual and forecasted annual rate impacts from the procurement of REC procurement from 2003-2030. |

6.13. Expiring Contracts

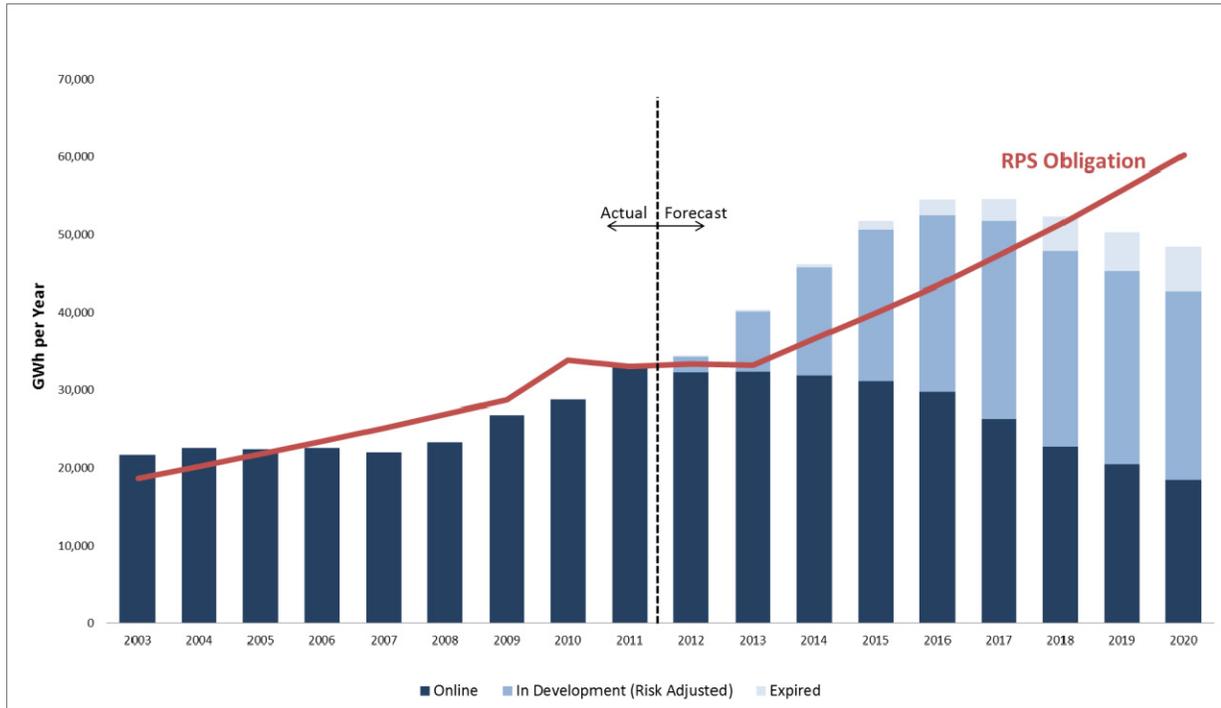
As evidenced in Figure 1, below, the amount of generation from projects that are currently online is expected to decline through the end of the decade.

³⁰ For all information provided in response to Table A, REC-only contracts should be listed separately and not include in the technology category that is the source of the REC.

³¹ "Date" shall be the date that this Ruling is issued.

This is due to existing contracts whose terms we expect to expire. The forecast illustrated in Figure 1 does not assume re-contracting of contracts whose terms expire during the RPS compliance periods.

Figure 1: IOU Progress Towards 33% Renewables, Actual and Forecasted by Year



Source: Renewables Portfolio Standard Quarterly Report, 3rd and 4th Quarter 2012

While new facilities are expected to become operational and provide generation necessary to achieve RPS goals, renewable facilities that exist and that are operating are an important resource and valuable investment.³² To build upon the analysis reflected in Figure 1, PG&E, SCE, and SDG&E are directed to include in their Procurement Plans information on contracts expected to expire in the next ten years. This information should be provided in a list form, such as an

³² The Commission has noted the value of existing resources in, for example, D.05-10-014 *Interim Opinion Approving Long-Term Renewables Portfolio Standard Plans* at 18.

Excel document or similar format that includes the following data: name of the facility, MW, expected annual generation (GWh), contract expiration year, technology, and location. Assumptions related to expiring contracts and effects on RPS portfolios and planned procurement should also be noted, where relevant, in response to several of the above sections (e.g., sections 6.1, 6.5 and 6.6, herein).

6.14. Imperial Valley

In D.12-11-016, the Commission stated that “PG&E, SCE, and SDG&E are directed to provide a specific assessment of the offers and contracted projects in Imperial Valley region in future RPS Procurement Plans filed with the Commission pursuant to § 399.11 *et seq.* until directed otherwise.”³³

While restating this directive here is not necessary, we do so to further support our commitment to the continued monitoring of the utilities’ procurement activities in the Imperial Valley area and renewable projects’ utilization of the Sunrise Powerlink Transmission Project in recognition that “Sunrise is an important project in California. It deserves reasonable attention to ensure that it is used efficiently, equitably and wisely.”³⁴ This directive refers to the Commission’s prior determinations that granted SDG&E a Certificate of Public Convenience and Necessity for the Sunrise Transmission project and

³³ D.12-11-016 at 17.

³⁴ D.12-11-016 at 13-14.

directed the Commission to consider several proposals so that the renewable resources that are facilitated by Sunrise are developed on a timely basis.³⁵

The Commission's commitment to this matter was most recently reaffirmed in the decision accepting the 2012 RPS Procurement Plans.³⁶

Specifically, we direct PG&E and SDG&E to report on the Imperial Valley results from the 2012 solicitation and SCE to report on the Imperial Valley results from the 2011 solicitation and provide a recommendation on whether the Commission should adopt remedial measures relative to Imperial Valley for 2013, such as to require the utilities to automatically shortlist all Imperial Valley proposals, include unique Imperial Valley bid evaluation metrics, or a solicitation dedicated to Imperial Valley resources.³⁷

6.15. Important Changes to Plans Noted

A statement identifying and summarizing the important changes between the 2012 and 2013 RPS Procurement Plans must be included. This summary could be in a table or bullet point format, but it should not be a reprint of the two plans with strike-out and underlined inserts. In addition to identifying and summarizing the important changes, the plan should also include a brief explanation and justification for each important change from 2012 to 2013.

³⁵ D.08-12-058, *Decision Granting a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project* at 266-268; D.09-06-018 directed a special Imperial County bidders' conference and specific monitoring of Imperial Valley proposals at 11-16; and D.11-04-030 directed continued monitoring of Imperial Valley proposals at 25-26

³⁶ D.12-11-016 at 13-17.

³⁷ See D.09-06-018 at 16-19.

6.16. Redlined Copy of Plans Required

A version of the 2013 RPS Procurement Plan that is “redlined” to identify the changes from the 2012 plan must be included with the 2013 RPS Procurement Plans. The IOUs must provide a redlined copy for the Commission’s Energy Division Staff, the ALJ and any party who requests a copy. (This is separate from the Important Changes item above.)

7. New Proposal for Comment by Parties: Two-Year Procurement Authorization

This ruling issues the following proposal for comment by parties. Comments regarding the strengths and weaknesses of this proposal should be filed according to the schedule set forth in Attachment A.

In the past, the annual RPS solicitations have been authorized by the Commission’s approval of the IOUs’ annual RPS Procurement Plans. This ruling proposes to re-visit a previous proposal to modify the Commission’s RPS procurement and planning process from an annual process to a biennial process. Today’s revised proposal is substantially similar to the proposal included the April 5, 2012 Assigned Commissioner Ruling.³⁸

This ruling proposes that, during the two year procurement plan period, the IOUs submit RPS Procurement Plans that include plans for procurement of RPS-eligible resources over the next two years. In approving the two-year RPS Procurement Plans, the Commission would authorize the IOUs to hold one

³⁸ *Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on New Proposals at 22.*

procurement solicitation per calendar year at the IOUs' discretion.³⁹ This proposal would not require that a solicitation be held each year and would not impose any requirements on ESPs or small utilities regarding their solicitation processes.

Under this two-year procurement authorization proposal, an IOU would file and seek Commission approval of its RPS Procurement Plan in Year One that sets forth its procurement plans for the next two years. After obtaining Commission approval, an IOU may at its discretion hold a solicitation. However, this proposal does not make any changes to the Commission's practice of requiring simultaneous RPS procurement solicitations. Simultaneous IOUs' solicitations shall continue to occur in an effort to promote regulatory and administrative efficiency.

In Year Two (the year in which no RPS Procurement Plan is filed), the IOU must file a Supplemental RPS Procurement Plan by Tier 2 Advice Letter no later than nine months after the conforming final RPS Procurement Plan is filed. Under this proposal, the next RPS Procurement Plan would be filed in 2015 and continue on a biennial basis and reflect a two year RPS procurement authorization. (*See Table B, below, for a schedule example*).

³⁹ If an IOU intends to sell RPS eligible generation, its procurement plan shall clearly state intention and include relevant solicitation materials.

Table B:
Example of Proposed Schedule for Two Year Procurement Authorization

| Entity | Year One/2013 | Year Two/2014 |
|--|--|---|
| IOUs | File RPS Procurement Plans for years 2013 and 2014. | File Supplemental RPS Procurement Plan. |
| Electric Service Providers | File RPS Procurement Plans for years 2013 and 2014. | Additional filings in 2014 not required. |
| Multi-Jurisdictional Utilities⁴⁰ | File annual Integrated Resource Plan supplement at the same time as other utilities and ESPs file RPS procurement plans. | File Integrated Resource Plan when filed with other jurisdictions; supplement within 30 days. |
| Small Utilities | File RPS Procurement Plans for years 2013 and 2014. | Additional filings in 2014 not required. |
| CCAs | No requirement. | No requirement. |

The Supplemental Procurement Plan shall include:

1. Update to portfolio optimization strategy;
2. Explanation of why or why not it intends to hold a solicitation and narrative that supports the IOU's decision;
3. Update to RPS Net Short;⁴¹
4. Update to buy/sell authorization amount;
5. Reporting of any significant events (e.g., significant change in retail sales forecast, larger than normal contract termination, new or modified rules that affect procurement

⁴⁰ This proposal represents includes no changes to the requirements set forth in D.08-05-029.

⁴¹ RPS Net Short should follow the most recently directed methodology.

practices, etc.) such that they alter planned procurement that was previously approved; and

6. Update to solicitation materials, if needed.

Supplemental RPS Procurement Plans will be reviewed for completeness and conformity with the above requirements. If further review is needed to ensure, for example, compliance with Commission decisions (e.g., LCBF), a supplemental review may be needed and the advice letter filing may be re-categorized to a Tier 3 Advice Letter. Issuance of a solicitation in an off-year may not occur until the Supplemental RPS Plan is approved by the Commission. If review of policy issues is needed within the context of a Supplemental RPS Plan, these issues would be deferred to the current and on-going RPS proceeding (or other relevant proceeding) or other agency.⁴²

Comments on this proposal, including whether it is consistent with the statutory requirement for annual plans, should be filed according to the schedule set forth in Attachment A.

1. Are there additional items that should be included in the Supplemental RPS Plans? If so, describe the item and explain why it should be included.
2. Are there additional review standards that should apply to the Supplemental RPS Plans? If so, describe the standard(s) and how it should apply.
3. Should a separate process be adopted to address Supplemental RPS Plans that significantly (e.g. greater than 10 percent change to procurement/sales amounts,

⁴² If parties would like to raise policy issues in off-years, these policy issues may be raised within the consideration of other RPS issues in the RPS proceeding or if no relevant issues are currently scoped, the party may file a motion pursuant to the Commission's Rules of Practice and Procedures.

overhaul of pro forma agreement) modify RPS Procurement Plans that were adopted the previous year? If so, explain in detail what modifications would trigger a separate process and describe in detail an alternative process.

4. Should the RPS Procurement Plan review standards be modified if the process is changed from annual to biennial? For instance, requiring the conforming, final RPS Procurement Plans to be filed as an advice letter instead of a filing in the proceeding.

8. Schedule

Parties may file comments, reply comments and other pleadings in response to the new proposal, the RPS Procurement Plans, and the IRP. The schedule is set forth at Attachment A. After review of the record in the proceeding, the Commission will accept, modify, or reject each plan or IRP as required by §§ 399.14(a)(1) and (c).

IT IS RULED that:

1. As required by Section 399.13(a)(5) of the Public Utilities Code, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file a proposed 2013 Renewables Portfolio Standard Procurement Plan that addresses the elements stated herein.

2. As required by Section 399.13(a)(5) of the Public Utilities Code and Decision 08-05-029, PacifiCorp shall file proposed Integrated Resource Plan that address the elements stated herein.

3. As required by Section 399.13(a)(5) of the Public Utilities Code, Bear Valley Electric Service and California Pacific Electric Company, LLC shall file proposed 2013 Renewables Portfolio Standard Procurement Plans that address the elements stated herein.

Attachment A
Procedural Schedule
2013 Renewables Portfolio Standard Procurement Plans

| Row # | ITEM | DATE |
|--------------|--|------------------|
| 1 | Assigned Commissioner's Ruling setting scope and schedule for annual RPS Procurement Plans | 5/10 |
| 2 | PacifiCorp file supplement to 2013 IRP | 5/30 |
| 3 | IOUs, Small Utilities, and ESPs file proposed annual RPS Procurement Plans | 6/14 |
| 4 | Party Comments on RPS Plans, IRP (including Supplement) and Proposals | 6/28 |
| 5 | Motions requesting evidentiary hearing (note: If a motion is filed and granted, the ALJ may need to issue a revised schedule.) | 7/3 |
| 6 | Reply comments on RPS Plans, IRP and Proposals | 7/8 |
| 7 | Motion to update RPS Plans [note 1 below] | 8/14 |
| 8 | Projected date for issuance of Proposed Decision | 3rd Quarter 2013 |
| 9 | Projected date for Commission vote on Proposed Decision | 4th Quarter 2013 |
| 10 | IOUs issue Request For Offers for Solicitations or otherwise pursue approved RPS Procurement Plan | 4th Quarter 2013 |

Note 1: Updates are not intended to the form and format of the plan but may be appropriate for limited elements based on changed circumstances or recent information (e.g., new legislation, recent Commission decision, new regulation of the California Independent System Operator, harmonization of definitions within contract for specific terms).

(END OF ATTACHMENT A)