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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF COMMERCE ENERGY, INC.

PUBLIC VERSION
(Appendix A Redacted)

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August 8, 2016

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Pursuant to the May 17, 2016 *Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans* ("Assigned Commissioner's Ruling"), the June 8, 2016 *E-mail Ruling Granting, in Part, IOUs Request for an Extension of Time to Produce the 2016 RPS Procurement Plans,* and the May 21, 2014 *Administrative Law Judge's Ruling on Renewable Net Short* ("RNS Ruling"), Commerce Energy, Inc. ("Commerce Energy") submits the following Renewables Portfolio Standard ("RPS") Procurement Plan. In accordance with the Assigned Commissioner's Ruling, Commerce Energy provides the following responses to sections 6.1 through 6.5, 6.7, 6.8, and 6.12 through 6.14.

I. Responses to Assigned Commissioner's Ruling

A. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1 of the Assigned Commissioner's Ruling)

Section 6.1 of the Assigned Commissioner's Ruling provides:

> 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. It must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.
>
> This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as wells as how it optimizes cost, value, and risk for the ratepayer. Where applicable, the assessment should also identify and incorporate impacts of overall energy portfolio and system requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings, other agencies' requirements, and other policies or issues that would impact RPS demand and procurement.
>
> The written description should also explicitly and specifically address, both qualitatively and quantitatively, to the extent possible, how the buyer intends to increase the diversity in its portfolio overall, to address issues of grid integration, potential for over generation, and ratepayer value.
>
> Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it should describe how procurement (or sales) planned for the period covered by the 2016 RPS plans is consistent with the assessment of supplies and demand.

Response of Commerce Energy:

Commerce Energy is not developing and does not own any renewable generation that would qualify under the California RPS program. Instead, Commerce Energy purchases renewable energy under third- party contractual agreements that will range from short-term to long-term contracts to meet its RPS procurement obligations, including the requirement to procure a minimum amount of long-term renewable contracts.

Commerce Energy does not typically forecast out 20 years as requested by the Assigned Commissioner's Ruling. Not only do Commerce Energy's internal systems not support a 20-year planning horizon, but Commerce Energy's load changes on a yearly basis as its load is fully contestable, making any forecast more than a few years out incredibly speculative and effectively useless. Commerce Energy's load forecast process includes a five-year historical analysis of past, current and future expected load, including factors such as climate, switching trends, demand response programs and the competitiveness of the market to determine final load forecasts. The final forecast is derived using combined data of customer billed historical usage and load profiles from the utility for non interval meters. For interval customers the forecast is derived from Settlement Quality Meter Data ("SQMD"). Furthermore, Commerce Energy's forecast includes an attrition rate and probability of drop.

With respect to the RPS program and RPS procurement planning, Commerce Energy will follow its typical process when projecting retail sales for RPS compliance purposes. Commerce Energy will purchase renewable energy on an annual basis based on projected sales, hedging against risks with other procurement options. This procurement process will account for the various portfolio content category requirements, and will ensure that Commerce Energy has sufficient procurement from each portfolio content category to satisfy the requirements of Public Utilities Code Section 399.16(c). Commerce Energy will seek to meet most of its resource adequacy ("RA") obligations through the procurement of non-renewable energy and will put little emphasis on what type of capacity or ancillary service characteristics are associated with its renewable procurement.

Before and after the end of each year and each compliance period, Commerce Energy will true up its purchases and re-evaluate its retail sales data, to help ensure it will purchase and procure sufficient renewable energy to meet its RPS procurement and portfolio content category requirements, as well as other RPS requirements once they are finalized by the California Public Utilities Commission ("CPUC" or "Commission").

B. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2 of the Assigned Commissioner's Ruling)

Section 6.2 of the Assigned Commissioner's Ruling provides:

> Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract or retail seller-owned but not yet delivering generation. This written status update should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. The status 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 the next two years and on a ten-year planning horizon.

Response of Commerce Energy:

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction. Accordingly, as there is no development update to report, development schedules will not impact Commerce Energy's net short or its procurement decisions.

C. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3 of the Assigned Commissioner's Ruling)

Section 6.3 of the Assigned Commissioner's Ruling provides:

> Describe in writing any potential issues that could delay RPS compliance, including, but not limited to, inadequate transmission capacity, permitting delays, insufficient eligible renewable energy

> resources supply, unanticipated curtailment, unanticipated increase in retail sales, and the relationship, if any, to project development delays, reduced generation, and compliance 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.

Response of Commerce Energy:

Potential issues that could delay RPS compliance such as inadequate transmission capacity, permitting delays, interconnection delays and other circumstances do not apply to Commerce Energy as Commerce Energy does not own generation. Renewable energy will be purchased from a third-party generator or seller on the open market to satisfy Commerce Energy's RPS procurement obligations. Long-term contracts and agreements will be set up with a reliable supplier and such contracts will allow Commerce Energy to shift purchases and make arrangements with other parties, if necessary, to ensure that Commerce Energy can remain compliant under the RPS program rules. This is true even in the event of unanticipated curtailment or unanticipated increases in retail sales. Unless there is a market shortage on eligible RPS products, Commerce Energy sees no reason for a compliance delay.

D. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner's Ruling)

Section 6.4 of the Assigned Commissioner's Ruling provides:

> 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, but not limited to, 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. Given this analysis, discuss how the risk assessment will impact the retail seller's net short and its procurement decisions.

Response of Commerce Energy:

Commerce Energy does not have any existing contracts with facilities in development or under construction so compliance delays will not impact Commerce Energy's ability to satisfy RPS procurement requirements. Risk factors such as lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.), and other impacts to renewable resources are accounted for when Commerce Energy enters into a contract based on Commerce Energy's knowledge of market conditions and renewable energy markets or explicitly through contractual terms in the executed contracts between Commerce Energy and the renewable generation supplier.

E. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F) (Section 6.5 of the Assigned Commissioner's Ruling)

Section 6.5 of the Assigned Commissioner's Ruling provides:

> In addition to the written descriptive responses to Sections 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. Any RPS-eligible procurement that has or will occur outside of the RPS program should also be included. 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.[1]

[1] Footnotes omitted.

Response of Commerce Energy:

Commerce Energy provides its quantitative response in Appendix A. Additionally, information pertaining to the renewable net short methodology is included in Section II of this RPS Procurement Plan.

F. Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - § 399.13(a)(5)(C) and D.04-07-029 (Section 6.7 of the Assigned Commissioner's Ruling)

Section 6.7 of the Assigned Commissioner's Ruling provides:

> Pursuant to § 399.13(a)(5)(C), 2016 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 a 2016 RPS Procurement Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment provided in Sections 6.1 through 6.5 and the retail seller'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, an overview of the solicitation process, a solicitation schedule, pro forma agreement(s), and a detailed description of the utility's least-cost best-fit (LCBF) methodology. If the renewable auction mechanism (RAM) procurement process is planned to be used, then a pro forma agreement for that process should be included. Additionally, if any sales, or other types of procurement is planned and needs a specific pro forma agreement (e.g. short-term procurement), then it should also be included. The LCBF methodology should be consistent with D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042. Also, it should clearly describe 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. Any qualitative measures that will be used in LCBF methodology should also be described, both in terms of the criteria and how they will be used in the methodology.

Response of Commerce Energy:

Although the Assigned Commissioner's Ruling directs ESPs to address Section 6.7, Commerce Energy believes this requirement to be a mistake, as, unlike the IOUs, the Commission has limited jurisdiction over ESPs, particularly with respect to procurement decisions and bid evaluation. This has been recognized both in statute and by the Commission, which conclude that unlike IOUs, ESPs are not regulated as public utilities.[2] Public Utilities Code Section 394(f) explicitly limits the Commission's jurisdiction over ESPs, stating that the Commission is ***not*** authorized "to regulate the rates or terms and conditions of service offered by electric service providers."

While granted limited jurisdiction over ESP renewable procurement, that jurisdiction only extends to ensuring that ESPs satisfy renewable procurement directives, including the overall PQR and the PBR. Importantly, this limited jurisdiction does not otherwise extend to procurement activities of ESPs, as the Commission does not regulate retail transactions by ESPs or establish rates for ESP services. This is very different than the Commission's jurisdiction and oversight over IOUs, but unlike IOUs, ESPs are not regulated as public utilities. The Commission found that it "has no responsibility for the price reasonableness of ESP procurement (whether conventional or RPS-eligible), and has no regulatory authority over ESP rates."[3] Furthermore, "simply because the Commission has authority over ESPs' participation in the RPS

[2] Public Utilities Code Section 218.3, defining an ESP, clearly distinguishes ESPs and IOUs, finding that ESPs do "not include an electrical corporation." Similarly, the Commission has concluded that the differences between ESPs and IOUs necessitate that the Commission exercise more limited jurisdiction over ESPs. ("Although [ESPs] are each subject to certain requirements of this Commission as assigned by the Legislature, neither is regulated as a 'public utility' as defined by the Public Utilities Code, nor are they subject to Commission regulatory authority as a matter of course. Instead, the Commission is granted specific regulatory authority over these entities for particular issues, in this case, RPS." (D.05-11-025, p. 12.))

[3] D.11-01-026, p. 22.

program" the Commission is not obligated to impose on ESPs the "procurement practices of the utilities it regulates with respect to procurement and rates."[4] Accordingly, the LCBF methodology does not apply to ESPs and an ESP's bid solicitation protocols are outside the jurisdiction of the Commission. Given the CPUC's limited jurisdiction over ESPs, it cannot require an ESP like Commerce Energy to provide information related to Commerce Energy's confidential internal business determinations.

For this reason, Commerce Energy does not provide its confidential, internal business determination of how it evaluates renewable procurement bids, as such information is beyond the scope of the Commission's jurisdiction over ESPs. Additionally, with respect to Section 6.7.2 of the Assigned Commissioner's Ruling related to disadvantaged communities, it must be noted that Public Utilities Code Section 399.13(a)(7) applies only to electrical corporations, not ESPs like Commerce Energy.

G. Consideration of Price Adjustment Mechanism - § 399.13(a)(5)(E) (Section 6.8 of the Assigned Commissioner's Ruling)

Section 6.8 of the Assigned Commissioner's Ruling provides:

> 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.

[4] D.11-01-026, pp. 22-23.

Response of Commerce Energy:

Commerce Energy does not have any existing contracts with RPS-eligible projects with online dates occurring more than 24 months after the contract execution date. Accordingly, this section is inapplicable to Commerce Energy.

H. Important Changes to RPS Procurement Plan (Section 6.12 of the Assigned Commissioner's Ruling)

Section 6.12 of the Assigned Commissioner's Ruling provides:

> A statement identifying and summarizing the important changes between the 2015 and 2016 RPS Procurement Plans must be included. This summary 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 an explanation and justification of the reasonableness for each important change from 2015 to 2016.

Response of Commerce Energy:

There are no important changes between Commerce Energy's 2015 RPS Procurement Plan and this 2016 RPS Procurement Plan.

I. Redlined Copy of RPS Procurement Plan (Section 6.13 of the Assigned Commissioner's Ruling)

Section 6.13 of the Assigned Commissioner's Ruling provides:

> A version of the 2016 RPS Procurement Plan that is "redlined" to identify the changes from the 2015 plan must be included with the 2016 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.)

Response of Commerce Energy:

Although the language in the Assigned Commissioner's Ruling indicates that this requirement should only apply to the IOUs, Commerce Energy nevertheless provides a version of its 2016 RPS Procurement Plan that is "redlined" to identify the changes from its 2015 RPS Procurement Plan as Appendix B.

J. Safety Considerations (Section 6.14 of the Assigned Commissioner's Ruling)

According to Section 6.14 of the Assigned Commissioner's Ruling, "all entities filing RPS Procurement Plans must incorporate a section on safety considerations." Commerce Energy contracts for the resources needed to meet its RPS procurement requirements, as described in this RPS Procurement Plan. While Commerce Energy may contract for some or all of the output from the RPS-eligible facilities, it does not physically or contractually own and/or operate any of the resources under contract. For Portfolio Content Category ("PCC") 1 and 2 products, the energy is delivered by the supplier pursuant to the rules applicable to the balancing authority. Commerce Energy does not have any responsibility for the safe transmission of energy. In the case of PCC-3 procurement, there can be no safety concerns as there is no energy conveyance. The owners and/or operators of the RPS-eligible resources have the responsibility for the operation of, and all safety considerations associated with the operation of, their facilities under the applicable laws. Commerce Energy has no responsibility or liability for the operation of the facility or for any other safety considerations associated with the operation of those resources used to meet its wholesale contracts requirements. Therefore, to the best of its knowledge, there are no safety considerations for Commerce Energy to address in this RPS Procurement Plan.

II. Renewable Net Short

A. RNS Calculation

As described above, Commerce Energy's load is fully contestable and retail sales and procurement forecasts are highly speculative at best. Due to the speculative nature of any information provided, Commerce Energy maintains that any net short calculation will not provide sufficiently reliable or accurate information to help the Commission with any meaningful analysis. However, while Commerce Energy does not feel it is appropriate to provide any quantitative information at this time and questions the meaningfulness of any information provided, Commerce Energy provides its net short calculation using the standardized RNS reporting template as Appendix A.[5]

It is important to note that many of the inputs and assumptions in the standardized RNS reporting template are only applicable to California's largest investor-owned utilities and do not apply to ESPs. Additionally, the CPUC has limited jurisdiction over ESPs and does not review or approve ESP procurement activities. As the CPUC lacks jurisdiction to require an ESP like Commerce Energy to provide information related to Commerce Energy's confidential internal business determinations, Commerce Energy only provides responses to the applicable sections of the RNS reporting template. Furthermore, because the template lacks instructions, Commerce Energy is not providing information related to expiring contracts. Not only does the CPUC already have such information, as provided in Commerce Energy's annual RPS compliance report, but the Assigned Commissioner's Ruling notes that expiring contract information is only required by the investor-owned utilities.[6]

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[5] The most recent version of the RNS reporting template was circulated to the R.11-05-005 service list on June 2, 2014. Per instructions from Energy Division Staff, Commerce Energy is utilizing the same template.

[6] *See* Assigned Commissioner's Ruling, Section 6.11.

B. Confidentiality

Commerce Energy's RNS calculation provided in Appendix A is redacted to protect confidential information in the public version of Commerce Energy's RPS Procurement Plan. Additionally, Commerce Energy has redacted information provided in grey fields of the RNS template in accordance with instructions from Energy Division that such fields are confidential.

C. Responses to Questions in the RNS Ruling

1. **RPS Compliance Risk – How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

Commerce Energy hedges purchases of renewable energy against risks, including performance risks. Commerce Energy has not encountered, and does not expect, any performance issues to impact its RNS in the future.

2. **RPS Compliance Risk – Do you anticipate any future changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

Yes. Although Commerce Energy's retail sales loads are fully contestable and likely to change, Commerce Energy will continue to procure to meet its loads and does not anticipate any impacts to its RNS.

3. **RPS Compliance Risk – Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

Commerce Energy does not expect curtailment to impact deliveries or its RNS.

4. **RPS Compliance Risk – Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

5. **RPS Compliance Risk – As projects in development move towards their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

6. **RECs above the PQR – What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

7. **RECs above the PQR –What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future RPS compliance and/or to sell RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

8. **VMOP – Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

9. **VMOP – Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

10. **Cost-effectiveness – Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

11. **Cost-effectiveness – How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

Commerce Energy will seek to procure renewable energy at the lowest possible cost to meet its RPS procurement obligations. The procurement efforts undertaken will consider the numerous requirements of the RPS program, including portfolio content category requirements, long-term contracting requirements, and restrictions on carrying forward certain procurement as excess procurement. Total RPS procurement obligations will be compared to and assessed against current and future load forecasts, market conditions and expectations, and other risk factors described above.

III. Conclusion

In accordance with the Assigned Commissioner's Ruling and the RNS Ruling, Commerce Energy provides this RPS Procurement Plan. As described herein, Commerce Energy plans to fully comply with and meet the RPS procurement, portfolio content category product, and other RPS requirements going forward. Commerce Energy looks forward to working with the Commission on these issues and helping California meet its renewable goals.

Dated: August 8, 2016

Respectfully submitted,

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APPENDIX A

COMMERCE ENERGY, INC.
RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN

RNS STANDARDIZED REPORTING WORKBOOK

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1				Commerce Energy RNS Reporting Template													
2																	
3			Variable	Calculation	Item	Deficit from RPS prior to Reporting Year	2011 Actuals	2012 Actuals	2013 Actuals	**2011-2013**	2014 Actuals	2015 Actuals	2016 Forecast	**2014-2016**	2017 Forecast	2018 Forecast	2019 Forecast
4					Forecast Year		-	-	-	CP1	-	-	-	CP2	-	-	-
5					**Annual RPS Requirement**												
6			A		Bundled Retail Sales Forecast (LTPP)		490	597	511	1598	346	336	[redacted]				
7			B		RPS Procurement Quantity Requirement (%)		20.0%	20.0%	20.0%	20.0%	21.7%	23.3%	25.0%	23.3%	27.0%	29.0%	31.0%
8			C	A*B	**Gross RPS Procurement Quantity Requirement (GWh)**		**98**	**119**	**102**	**320**	**75**	**78**	[redacted]				
9			D		Voluntary Margin of Over-procurement												
10			E	C+D	**Net RPS Procurement Need (GWh)**		98	119	102	320	75	78	[redacted]				
11					**RPS-Eligible Procurement**												
12			Fa		Risk-Adjusted RECs from Online Generation		89	125	82	**296**	17	77	77	**171**	77	77	2
13			Faa		Forecast Failure Rate for Online Generation (%)												
14			Fb		Risk-Adjusted RECs from RPS Facilities in Development												
15			Fbb		Forecast Failure Rate for RPS Facilities in Development (%)												
16			Fc		Pre-Approved Generic RECs												
17			Fd		Executed REC Sales												
18			F	Fa + Fb +Fc - Fd	Total RPS Eligible Procurement (GWh)		**89**	**125**	**82**	**296**	**17**	**117**	**103**	**237**	**77**	**77**	**2**
19			F0		Category 0 RECs												
20			F1		Category 1 RECs		**66**	**50**	**55**	**171**		**75**	**78**	**153**	**75**	**75**	
21			F2		Category 2 RECs		**-**	**25**	**20**	**45**	**15**	**10**	**23**	**48**			
22			F3		Category 3 RECs		**23**	**50**	**7**	**80**	**2**	**32**	**2**	**36**	**2**	**2**	**2**
23					**Gross RPS Position (Physical Net Short)**												
24			Ga	F-E	**Annual Gross RPS Position (GWh)**		(9)	6	(20)	(24)	(58)	39	[redacted]				
25			Gb	F/A	**Annual Gross RPS Position (%)**		18%	21%	16%	19%	5%	35%					
26					**Application of Bank**												
27			Ha	H - Hc (from previous year)	Existing Banked RECs above the PQR												
28			Hb		RECs above the PQR added to Bank												
29			Hc		Non-bankable RECs above the PQR												
30			H	Ha+Hb	Gross Balance of RECs above the PQR												
31			Ia		Planned Application of RECs above the PQR towards RPS Compliance												
32			Ib		Planned Sales of RECs above the PQR												
33			J	H-Ia-Ib	Net Balance of RECs above the PQR												
34			J0		Category 0 RECs												
35			J1		Category 1 RECs												
36			J2		Category 2 RECs												
37					**Expiring Contracts**												
38			K		RECs from Expiring RPS Contracts												
39					**Net RPS Position (Optimized Net Short)**												
40			La	Ga + Ia – Ib – Hc	**Annual Net RPS Position after Bank Optimization (GWh)**												
41			Lb	(F + Ia – Ib – Hc)/A	**Annual Net RPS Position after Bank Optimization (%)**												
42			Note: Fields in grey are potected as Confidential under CPUC Confidentiality Rules														
43			Note: Values are shown in GWhs														
44																	
45																	
46																	

	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF
1															
2															
3	2020 Forecast	**2017-2020**	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast	2032 Forecast	2033 Forecast
4	-	CP3	-	-	-	-	-	-	-	-	-	-	-	-	-
5	[redacted]														
6	300	[redacted]	296	293	290	288	287	285	284	283	283	282	282	281	281
7	33.0%	33.0%	34.8%	36.5%	38.3%	40.0%	41.7%	43.3%	45.0%	46.7%	48.3%	50.0%	50.0%	50.0%	50.0%
8	**99**	[redacted]	**103**	**107**	**111**	**115**	**120**	**124**	**128**	**132**	**137**	**141**	**141**	**141**	**141**
9															
10	99	[redacted]	103	107	111	115	120	124	128	132	137	141	141	141	141
11	[redacted]														
12	2	**158**	2	2	2	-	-	-	-	-	-	-	-	-	-
13															
14															
15															
16															
17															
18	**2**	**158**	**2**	**2**	**2**										
19															
20		**150**	**2**	**2**	**2**										
21		**-**													
22	**2**	**8**	**2**	**2**	**2**										
23	[redacted]														
24	(97)	[redacted]	(101)	(105)	(109)	(115)	(120)	(124)	(128)	(132)	(137)	(141)	(141)	(141)	(141)
25	1%		1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
26	[redacted]														
27															
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APPENDIX B

REDLINED VERSION OF COMMERCE ENERGY, INC.'S RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

~~**PUBLIC VERSION**~~

RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF COMMERCE ENERGY, INC.

PUBLIC VERSION
(Appendix A Redacted)

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August ~~4,~~8, ~~2015~~2016

{~~00312236~~00366511;4}

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.	Rulemaking 15-02-020 (Filed February 26, 2015)

~~**PUBLIC VERSION**~~

RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF COMMERCE ENERGY, INC.

PUBLIC VERSION
(Appendix A Redacted)

Pursuant to the May ~~28, 2015~~17, 2016 *Assigned Commissioner and Assigned Administrative Law Judge's* ~~*Revised*~~ *Ruling Identifying Issues and Schedule of Review for* ~~*2015*~~*2016 Renewables Portfolio Standard Procurement Plans* ("Assigned Commissioner's Ruling"), the June ~~30, 2015~~8, 2016 *E-mail Ruling* ~~*Revising Schedule for the 2015 RPS Procurement Plans*, the July 29, 2015 email from Administrative Law Judge Mason clarifying the requirements of the Assigned Commissioner's Ruling~~*Granting, in Part, IOUs Request for an Extension of Time to Produce the 2016 RPS Procurement Plans*, and the May 21, 2014 *Administrative Law Judge's Ruling on Renewable Net Short* ("RNS Ruling"), Commerce Energy, Inc. ("Commerce Energy") submits the following Renewables Portfolio Standard ("RPS") Procurement Plan. In accordance with the Assigned Commissioner's Ruling, Commerce Energy provides the following responses to sections 6.1 through ~~6.6, 6.13,~~6.5, 6.7, 6.8, and ~~6.15.~~6.12 through 6.14.

I. Responses to Assigned Commissioner's Ruling

A. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1 of the Assigned Commissioner's Ruling)

Section 6.1 of the Assigned Commissioner's Ruling provides:

> 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. It must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.
>
> This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as wells as how it optimizes cost, value, and risk for the ratepayer. Where applicable, the assessment should also identify and incorporate impacts of overall energy portfolio and system requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings ~~(e.g. R-13-12-010, the long-term procurement plans proceeding)~~, other agencies' requirements, and other policies or issues that would impact RPS demand and procurement.
>
> The written description should also explicitly and specifically address, both qualitatively and quantitatively, to the extent possible, how the buyer intends to increase the diversity in its portfolio overall, to address issues of grid integration, potential for overgeneration, and ratepayer value.
>
> Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it ~~must also explain how the quantitative analysis provided in response to section 6.5 supports~~should describe how procurement (or sales) planned for

the period covered by the 2016 RPS plans is consistent with the assessment of supplies and demand.

Response of Commerce Energy:

Commerce Energy is not developing and does not own any renewable generation that would qualify under the California RPS program. Instead, Commerce Energy purchases renewable energy under third- party contractual agreements that will range from short-term to long-term contracts to meet its RPS procurement obligations, including the requirement to procure a minimum amount of long-term renewable contracts.

Commerce Energy does not typically forecast out 20 years as requested by the Assigned Commissioner's Ruling. Not only do Commerce Energy's internal systems not support a 20-year planning horizon, but Commerce Energy's load changes on a yearly basis as its load is fully contestable, making any forecast more than a few years out incredibly speculative and effectively useless. Commerce Energy's load forecast process includes a five-year historical analysis of past, current and future expected load, including factors such as climate, switching trends, demand response programs and the competitiveness of the market to determine final load forecasts. The final forecast is derived using combined data of customer billed historical usage and load profiles from the utility for non interval meters. For interval customers the forecast is derived from Settlement Quality Meter Data ("SQMD"). Furthermore, Commerce Energy's forecast includes an attrition rate and probability of drop.

With respect to the RPS program and RPS procurement planning, Commerce Energy will follow its typical process when projecting retail sales for RPS compliance purposes. Commerce Energy will purchase renewable energy on an annual basis based on projected sales, hedging against risks with other procurement options. This procurement process will account for the various portfolio content category requirements, and will ensure that Commerce Energy has sufficient procurement from each portfolio content category to satisfy the requirements of Public Utilities Code Section 399.16(c). Commerce Energy will seek to meet most of its resource adequacy ("RA") obligations through the procurement of non-renewable energy and will put little emphasis on what type of capacity or ancillary service characteristics are associated with its renewable procurement.

Before and after the end of each year and each compliance period, Commerce Energy will true up its purchases and re-evaluate its retail sales data, to help ensure it will purchase and procure sufficient renewable energy to meet its RPS procurement and portfolio content category requirements, as well as other RPS requirements once they are finalized by the California Public Utilities Commission ("CPUC" or "Commission").

~~As noted in the Assigned Commissioner's Ruling, RPS Procurement Plans must evaluate "both a 33 percent by 2020 requirement and a 40 percent by 2024 requirement."[1] Commerce Energy's forecasting and procurement process does not differ under either scenario and Commerce Energy will continue to follow its typical process regardless of the RPS target.~~

B. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2 of the Assigned Commissioner's Ruling)

Section 6.2 of the Assigned Commissioner's Ruling provides:

> Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract or retail seller-owned but not yet delivering generation. This written status update should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. The status 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 the next two years and on a ~~10~~ten-year planning horizon.

~~[1] Assigned Commissioner's Ruling, p. 5.~~

Response of Commerce Energy:

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction. Accordingly, as there is no development update to report, development schedules will not impact Commerce Energy's net short or its procurement decisions. ~~This will not change regardless of whether a 33 percent by 2020 or a 40 percent by 2024 requirement is in place.~~

C. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3 of the Assigned Commissioner's Ruling)

Section 6.3 of the Assigned Commissioner's Ruling provides:

> Describe in writing any potential issues that could delay RPS compliance, including, but not limited to, inadequate transmission capacity, ~~delayed substation construction, permitting, financing~~permitting delays, insufficient eligible renewable energy resources supply, unanticipated curtailment, unanticipated increase in retail sales, and the relationship, if any, to project development delays, reduced generation, and compliance 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.

Response of Commerce Energy:

Potential issues that could delay RPS compliance such as inadequate transmission capacity, permitting delays, interconnection delays and other circumstances do not apply to Commerce Energy as Commerce Energy does not own generation. Renewable energy will be purchased from a third-party generator or seller on the open market to satisfy Commerce Energy's RPS procurement obligations. Long-term contracts and agreements will be set up with a reliable supplier and such contracts will allow Commerce Energy to shift purchases and make arrangements with other parties, if necessary, to ensure that Commerce Energy can remain compliant under the RPS program rules. This is true even in the event of unanticipated curtailment or unanticipated increases in retail sales. Unless there is a market shortage on eligible RPS products, Commerce Energy sees no reason for a compliance delay. ~~This will not change regardless of whether a 33 percent by 2020 or a 40 percent by 2024 requirement is in place.~~

D. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner's Ruling)

Section 6.4 of the Assigned Commissioner's Ruling provides:

> 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, but not limited to, the following: lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.), ~~load changes,~~ 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. Given this analysis, discuss how the risk 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.~~

Response of Commerce Energy:

Commerce Energy does not have any existing contracts with facilities in development or under construction so compliance delays will not impact Commerce Energy's ability to satisfy RPS procurement requirements. Risk factors such as lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.), and other impacts to renewable resources are accounted for when Commerce Energy enters into a contract based on Commerce Energy's knowledge of market conditions and renewable energy markets or explicitly through contractual terms in the executed contracts between Commerce Energy and the renewable generation supplier. ~~This will not change regardless of whether a 33 percent by 2020 or a 40 percent by 2024 requirement is in place.~~

E. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F) (Section 6.5 of the Assigned Commissioner's Ruling)

Section 6.5 of the Assigned Commissioner's Ruling provides:

> In addition to the written descriptive responses to Sections 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. Any RPS-eligible procurement that has or will occur outside of the RPS program should also be included. 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.[1]

[1] Footnotes omitted.

Response of Commerce Energy:

Commerce Energy provides its quantitative response in Appendix A~~ and Appendix B~~. Additionally, information pertaining to the renewable net short methodology is included in Section II of this RPS Procurement Plan.

F. ~~"Minimum Margin" of Procurement~~Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - § 399.13(a)(~~4)(D)~~5)(C) and D.04-07-029 (Section ~~6.6~~6.7 of the Assigned Commissioner's Ruling)

Section ~~6.6~~6.7 of the Assigned Commissioner's Ruling provides:

> Pursuant to § 399.13(a)(5)(C), 2016 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 a 2016 RPS Procurement Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment provided in Sections 6.1 through 6.5 and the retail seller'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, an overview of the solicitation process, a solicitation schedule, pro forma agreement(s), and a detailed description of the utility's least-cost best-fit (LCBF) methodology. If the renewable auction mechanism (RAM) procurement process is planned to be used, then a pro forma agreement for that process should be included. Additionally, if any sales, or other types of procurement is planned and needs a specific pro forma agreement (e.g. short-term procurement), then it should also be included. The LCBF methodology should be consistent with D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042. Also, it should clearly describe 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. Any qualitative measures that will be used in LCBF methodology should also be described, both in terms of the criteria and how they will be used in the methodology.

Response of Commerce Energy:

> ~~Each proposed 2015 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 over-procurement. Reasons and assumptions should be supported with quantitative information to the extent possible.~~

Although the Assigned Commissioner's Ruling directs ESPs to address Section 6.7, Commerce Energy believes this requirement to be a mistake, as, unlike the IOUs, the Commission has limited jurisdiction over ESPs, particularly with respect to procurement decisions and bid evaluation. This has been recognized both in statute and by the Commission, which conclude that unlike IOUs, ESPs are not regulated as public utilities.[2] Public Utilities Code Section 394(f) explicitly limits the Commission's jurisdiction over ESPs, stating that the Commission is ***not*** authorized "to regulate the rates or terms and conditions of service offered by electric service providers."

While granted limited jurisdiction over ESP renewable procurement, that jurisdiction only extends to ensuring that ESPs satisfy renewable procurement directives, including the overall PQR and the PBR. Importantly, this limited jurisdiction does not otherwise extend to procurement activities of ESPs, as the Commission does not regulate retail transactions by ESPs

[2] Public Utilities Code Section 218.3, defining an ESP, clearly distinguishes ESPs and IOUs, finding that ESPs do "not include an electrical corporation." Similarly, the Commission has concluded that the differences between ESPs and IOUs necessitate that the Commission exercise more limited jurisdiction over ESPs. ("Although [ESPs] are each subject to certain requirements of this Commission as assigned by the Legislature, neither is regulated as a 'public utility' as defined by the Public Utilities Code, nor are they subject to Commission regulatory authority as a matter of course. Instead, the Commission is granted specific regulatory authority over these entities for particular issues, in this case, RPS." (D.05-11-025, p. 12.))

or establish rates for ESP services. This is very different than the Commission's jurisdiction and oversight over IOUs, but unlike IOUs, ESPs are not regulated as public utilities. The Commission found that it "has no responsibility for the price reasonableness of ESP procurement (whether conventional or RPS-eligible), and has no regulatory authority over ESP rates."[3] Furthermore, "simply because the Commission has authority over ESPs' participation in the RPS program" the Commission is not obligated to impose on ESPs the "procurement practices of the utilities it regulates with respect to procurement and rates."[4] Accordingly, the LCBF methodology does not apply to ESPs and an ESP's bid solicitation protocols are outside the jurisdiction of the Commission. Given the CPUC's limited jurisdiction over ESPs, it cannot require an ESP like Commerce Energy to provide information related to Commerce Energy's confidential internal business determinations.

For this reason, Commerce Energy does not provide its confidential, internal business determination of how it evaluates renewable procurement bids, as such information is beyond the scope of the Commission's jurisdiction over ESPs. Additionally, with respect to Section 6.7.2 of the Assigned Commissioner's Ruling related to disadvantaged communities, it must be noted that Public Utilities Code Section 399.13(a)(7) applies only to electrical corporations, not ESPs like Commerce Energy.

G. Consideration of Price Adjustment Mechanism - § 399.13(a)(5)(E) (Section 6.8 of the Assigned Commissioner's Ruling)

Section 6.8 of the Assigned Commissioner's Ruling provides:

> 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

[3] D.11-01-026, p. 22.
[4] D.11-01-026, pp. 22-23.

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.

Response of Commerce Energy:

~~See Commerce Energy's response in Section I.A above for a description of Commerce Energy's procurement planning and management strategies. Unlike California's investor-owned utilities, electric service providers ("ESPs") like Commerce Energy are not subject to the statutory minimum margin of procurement set forth in Public Utilities Code Section 399.13(a)(4)(D). Accordingly, Commerce Energy will seek to procure renewable energy at the lowest possible cost to meet its RPS procurement obligations. The procurement efforts undertaken will consider the numerous requirements of the RPS program, including portfolio content category requirements, long-term contracting requirements, and restrictions on carrying forward certain procurement as excess procurement. Total RPS procurement obligations will be compared to and assessed against current and future load forecasts, market conditions and expectations, and other risk factors described above. This will not change regardless of whether a 33 percent by 2020 or a 40 percent by 2024 requirement is in place.~~ Commerce Energy does not have any existing contracts with RPS-eligible projects with online dates occurring more than 24 months after the contract execution date. Accordingly, this section is inapplicable to Commerce Energy.

H. ~~G.~~ Important Changes to RPS Procurement Plan (Section ~~6.13~~6.12 of the Assigned Commissioner's Ruling)

Section ~~6.13~~6.12 of the Assigned Commissioner's Ruling provides:

> A statement identifying and summarizing the important changes between the ~~2014~~2015 and ~~2015~~2016 RPS Procurement Plans must be included. This summary 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 an explanation and justification of the

reasonableness for each important change from ~~2014~~2015 to ~~2015.~~2016.

Response of Commerce Energy:

There are no important changes between Commerce Energy's ~~2014~~2015 RPS Procurement Plan and this 2016 RPS Procurement Plan.

I. Redlined Copy of RPS Procurement Plan (Section 6.13 of the Assigned Commissioner's Ruling)

Section 6.13 of the Assigned Commissioner's Ruling provides:

> A version of the 2016 RPS Procurement Plan that is "redlined" to identify the changes from the 2015 plan must be included with the 2016 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.)

Response of Commerce Energy:

Although the language in the Assigned Commissioner's Ruling indicates that this requirement should only apply to the IOUs, Commerce Energy nevertheless provides a version of its 2016 RPS Procurement Plan that is "redlined" to identify the changes from its 2015 RPS Procurement Plan as Appendix B.

J. ~~H.~~ Safety Considerations (Section ~~6.15~~6.14 of the Assigned Commissioner's Ruling)

According to Section ~~6.15~~6.14 of the Assigned Commissioner's Ruling, "all entities filing RPS Procurement Plans must incorporate a section on safety considerations." Commerce Energy contracts for the resources needed to meet its RPS procurement requirements, as described in this RPS Procurement Plan. While Commerce Energy may contract for some or all of the output from the RPS-eligible facilities, it does not physically or contractually own and/or operate any of the resources under contract. For Portfolio Content Category ("PCC") 1 and 2 products, the energy is delivered by the supplier pursuant to the rules applicable to the balancing authority. Commerce Energy does not have any responsibility for the safe transmission of energy. In the case of PCC-3 procurement, there can be no safety concerns as there is no energy conveyance. The owners and/or operators of the RPS-eligible resources have the responsibility for the operation of, and all safety considerations associated with the operation of, their facilities under the applicable laws. Commerce Energy has no responsibility or liability for the operation of the facility or for any other safety considerations associated with the operation of those resources used to meet its wholesale contracts requirements. Therefore, to the best of its knowledge, there are no safety considerations for Commerce Energy to address in this RPS Procurement Plan.

II. Renewable Net Short

A. RNS Calculation

As described above, Commerce Energy's load is fully contestable and retail sales and procurement forecasts are highly speculative at best. Due to the speculative nature of any information provided, Commerce Energy maintains that any net short calculation will not provide sufficiently reliable or accurate information to help the Commission with any meaningful analysis. However, while Commerce Energy does not feel it is appropriate to provide any quantitative information at this time and questions the meaningfulness of any information provided, Commerce Energy provides its net short calculation using the standardized RNS reporting template~~.[2]~~ as Appendix A.[5] ~~In order to satisfy the requirement of the Assigned Commissioner's Ruling to evaluate "both a 33 percent by 2020 requirement and a 40 percent by 2024 requirement",[3] Commerce Energy is providing two versions of the RNS reporting template. One version addresses a 33% by 2020 requirement, included as Appendix A.~~

~~2~~5 The most recent version of the RNS reporting template was circulated to the R.11-05-005 service list on June 2, 2014. Per instructions from Energy Division Staff, Commerce Energy is utilizing the same template.

~~3 Assigned Commissioner's Ruling, p. 5.~~

~~The other version of the RNS reporting template addresses a 40% by 2024 requirement, included as Appendix B.~~

It is important to note that many of the inputs and assumptions in the standardized RNS reporting template are only applicable to California's largest investor-owned utilities and do not apply to ESPs. Additionally, the CPUC has limited jurisdiction over ESPs and does not review or approve ESP procurement activities. As the CPUC lacks jurisdiction to require an ESP like Commerce Energy to provide information related to Commerce Energy's confidential internal business determinations, Commerce Energy only provides responses to the applicable sections of the RNS reporting template. Furthermore, because the template lacks instructions, Commerce Energy is not providing information related to expiring contracts. Not only does the CPUC already have such information, as provided in Commerce Energy's annual RPS compliance report, but the Assigned Commissioner's Ruling notes that expiring contract information is only required by the investor-owned utilities.[~~4~~6]

[~~4~~6] *See* Assigned Commissioner's Ruling, Section ~~6.10.~~6.11.

B. Confidentiality

Commerce Energy's RNS calculation provided in Appendix A~~ and Appendix B~~ is redacted to protect confidential information in the public version of Commerce Energy's RPS Procurement Plan. Additionally, Commerce Energy has redacted information provided in grey fields of the RNS template in accordance with instructions from Energy Division that such fields are confidential.

C. Responses to Questions in the RNS Ruling

1. **RPS Compliance Risk – How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

Commerce Energy hedges purchases of renewable energy against risks, including performance risks. Commerce Energy has not encountered, and does not expect, any performance issues to impact its RNS in the future.

2. **RPS Compliance Risk – Do you anticipate any future changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

Yes. Although Commerce Energy's retail sales loads are fully contestable and likely to change, Commerce Energy will continue to procure to meet its loads and does not anticipate any impacts to its RNS.

3. **RPS Compliance Risk – Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

Commerce Energy does not expect curtailment to impact deliveries or its RNS.

4. **RPS Compliance Risk – Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

5. **RPS Compliance Risk – As projects in development move towards their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

Commerce Energy is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

6. **RECs above the PQR – What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

7. **RECs above the PQR –What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future RPS compliance and/or to sell RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

8. **VMOP – Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

9. **VMOP – Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

10. Cost-effectiveness – Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?

For ESPs like Commerce Energy, this is a confidential internal business decision that is not subject to CPUC jurisdiction or oversight.

11. Cost-effectiveness – How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?

Commerce Energy will seek to procure renewable energy at the lowest possible cost to meet its RPS procurement obligations. The procurement efforts undertaken will consider the numerous requirements of the RPS program, including portfolio content category requirements, long-term contracting requirements, and restrictions on carrying forward certain procurement as excess procurement. Total RPS procurement obligations will be compared to and assessed against current and future load forecasts, market conditions and expectations, and other risk factors described above.

III. Conclusion

In accordance with the Assigned Commissioner's Ruling and the RNS Ruling, Commerce Energy provides this RPS ~~procurement plan~~Procurement Plan. As described herein, Commerce Energy plans to fully comply with and meet the RPS procurement, portfolio content category product, and other RPS requirements going forward. Commerce Energy looks forward to working with the Commission on these issues and helping California meet its renewable goals.

Dated: August ~~4, 2015~~8, 2016

Respectfully submitted,

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APPENDIX A

COMMERCE ENERGY, INC.
RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN

RNS STANDARDIZED REPORTING WORKBOOK ~~– 33% BY 2020~~

APPENDIX B

REDLINED VERSION OF COMMERCE ENERGY, INC.'S
RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN

~~RNS STANDARDIZED REPORTING WORKBOOK – 40% BY 2024~~

VERIFICATION

I am an officer of the reporting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on August ~~4, 2015~~8, 2016 at La Palma, California.

____
Krishnan Kasiviswanathan
Senior Vice President, Supply and Strategic Development

Document comparison by Workshare Professional on Thursday, August 04, 2016 3:37:36 PM

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Deletions	65
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	162

VERIFICATION

I am an officer of the reporting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on August 3, 2016 at La Palma, California.

Krishnan Kasiviswanathan
Senior Vice President, Supply and Strategic Development