

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

AGENDA ID # 14469
RESOLUTION E-4744
December 3, 2015

R E D A C T E D
R E S O L U T I O N

Resolution E-4744. Grants Southern California Edison Company request for approval of a renewables portfolio standard eligible power purchase agreement with TKO Power, LLC (South Bear Creek).

PROPOSED OUTCOME

- This resolution approves cost recovery for the long-term renewable energy power purchase agreement between SCE and TKO Power, LLC (South Bear Creek) for the Bear Creek Hydroelectric Project. The Bear Creek Hydroelectric Project is an existing RPS resource that is located near Shingletown, California. The Bear Creek Hydroelectric Project will interconnect with the California Independent System Operator-control system. The power purchase agreement is approved without modification.

SAFETY CONSIDERATIONS:

- The power purchase agreement requires the seller of the generation to comply with all safety provisions as specified in SCE's 2014 *Pro Forma* power purchase agreement.

ESTIMATED COST:

- Actual costs of the power purchase agreement are confidential at this time.

By Advice Letter 3275-E filed on September 22, 2015.

SUMMARY

Southern California Edison Company’s (SCE) renewable energy power purchase agreement (PPA) with TKO Power, LLC (Bear Creek HP) (hereinafter TKO) complies with the Renewables Portfolio Standard (RPS) procurement guidelines and is approved without modification

SCE filed Advice Letter 3275-E on September 22, 2015, requesting California Public Utilities Commission (Commission or CPUC) review and approval of a 15-year renewable energy PPA with TKO. The PPA resulted from SCE’s 2014 RPS solicitation (2014 RPS RFO) and was executed in June 2015. Pursuant to the PPA, RPS-eligible generation will be purchased from the Bear Creek Hydroelectric Project (Bear Creek HP). The Bear Creek HP facility is located near Shingletown, California and has a capacity of approximately 2.8 megawatts (MW). The Bear Creek HP is an existing RPS resource.

This Resolution approves the Bear Creek HP PPA. SCE’s execution of this PPA is consistent with SCE’s 2014 RPS Procurement Plan (RPS Plan), which the Commission approved in Decision (D.) 14-11-042. In addition, RPS deliveries pursuant to the Bear Creek HP PPA are reasonably priced and the related costs to SCE are fully recoverable in rates over the life of the Bear Creek HP PPA, subject to Commission review of SCE’s administration of the PPA.

The following table provides a summary of the Bear Creek HP:

Table 1: Summary of Bear Creek HP PPA:

Seller	Generation Type	Size (MW)	Estimated Average Energy (GWh/Yr)	Forecasted Commercial Operation Date	Term of Agreement (Years)	Location
TKO Power, LLC (South Bear Creek)	Run-of-river, small-hydro	2.8	9.7	January 15, 2016 ¹	15	Near Shingletown, CA

¹ Or 60 days after the Commission approves the advice letter, whichever is later.

BACKGROUND

Overview of the Renewables Portfolio Standard (RPS) Program

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).² The RPS program is codified in Public Utilities Code Sections 399.11-399.31.³ Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources is an amount that equals an average of 20 percent of the total electricity sold to retail customers in California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.⁴

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

NOTICE

Notice of the Bear Creek HP AL was made by publication in the Commission's Daily Calendar on September 22, 2015. SCE states that a copy of the Bear Creek HP AL was mailed and distributed to the R.15-02-020 service list and GO 96-B service lists in accordance with Section 4 of General Order 96-B.

PROTEST

SCE's Bear Creek HP AL was not protested.

² SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

³ All further statutory references are to the Public Utilities Code unless otherwise specified.

⁴ D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

DISCUSSION

SCE requests approval of a renewable energy power purchase agreement with Bear Creek Hydroelectric Project

On September 22, 2015, SCE filed the Bear Creek HP AL requesting Commission approval of a long-term RPS eligible PPA. The existing run-of-river small-hydro project is located near Shingletown, California. The Bear Creek HP is wholly owned by TKO Power, LLC. Pursuant to the Bear Creek HP PPA, SCE is to begin purchasing generation from Bear Creek HP beginning January 15, 2015.⁵ The expected annual generation to be purchased from the project is 9.7 Gigawatt-hours (GWh). This generation will count towards SCE's RPS requirements in Compliance Period 2017-2020.

SCE requests that the Commission issue a resolution that:

1. Approves the Bear Creek HP PPA in its entirety;
2. Finds that the Bear Creek HP PPA is consistent with SCE's 2014 RPS Procurement Plan;
3. Finds that the Bear Creek HP PPA is compliant with the Emissions Performance Standard;
4. Finds that any procurement pursuant to the Bear Creek HP PPA is procurement from an eligible renewable energy resource for purposes of determining SCE's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, et seq.), Decision 03-06-071, or other applicable law; and,
5. Finds that the Bear Creek HP PPA, and SCE's entry into it, is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the Bear Creek HP PPA, subject only to further review with respect to the reasonableness of SCE's administration of the Bear Creek HP PPA.

⁵ The South Bear Creek HP will commence delivery on January 15, 2015 or 60 days after the CPUC approves the PPA, whichever is later.

Energy Division Evaluated the Bear Creek HP PPA based on the following criteria:

- Consistency with the RPS policies and requirements:
 - SCE's 2014 RPS Procurement Plan and RPS Procurement Need
 - SCE's Least-Cost, Best-Fit methodology (LCBF)
 - RPS Standard Terms and Conditions
 - Portfolio Content Categories Requirements
 - The Long-Term Contracting Requirement
 - Independent Evaluator review requirements
 - Procurement Review Group Requirements
- Net Market Value and Cost Reasonableness
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard

Consistency with SCE's 2014 RPS Procurement Plan

In its 2014 RPS Procurement Plan (2014 RPS Plan) SCE provided an assessment of supply and demand to determine the optimal mix of renewable generation resources; description of potential RPS compliance delays; status update of projects within its RPS portfolio; and an assessment of project failure and delay risk within its RPS portfolio.⁶ Specifically, SCE explained that its assessment for determining need is based on bundled retail sales, performance and variability of existing generation, likelihood of new generation achieving commercial operation, expected commercial on-line dates, technology mix, expected curtailment, and the impact of pre-approved procurement programs, among other factors. Based on that assessment, SCE stated that it had an RPS procurement need beginning in the third compliance period (2017-2020) and through 2030.

SCE stated its intention to procure additional RPS-eligible resources in order to satisfy its RPS requirements. Specifically, it called for the issuance of a competitive solicitation for the purchase of RPS-eligible energy with deliveries

⁶ Section 399.13(a)(5).

beginning on or after January 1, 2016. In addition, SCE sought offers that would qualify as Portfolio Content Category 1 or 3 and be for at least 10 years in length.

Based on SCE's RPS portfolio needs described in its 2014 RPS Plan, the Bear Creek HP PPA is consistent with SCE's 2014 RPS Plan. The Bear Creek HP PPA is for generation from a existing renewable energy resource⁷ with deliveries to begin on the later of March 21, 2016 or 60 days after Commission approval and continuing for 15 years. See Confidential Appendix A for details on SCE's forecasted RPS procurement needs and SCE claims the project is Category 1.

The Bear Creek HP PPA is consistent with SCE's 2014 RPS Procurement Plan, approved by D.14-11-042.

Consistency with SCE's Least-cost, Best-fit (LCBF) Methodology

In D.04-07-029 and D.12-11-016, the Commission directs the utilities to use certain criteria in their LCBF selection of renewable resources.⁸ The decisions provide guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. As described in its 2014 RPS Plan,⁹ SCE's LCBF bid evaluation includes a quantitative analysis and qualitative criteria. SCE's quantitative analysis is based on market valuation that calculates the net market value of a bid,¹⁰ which is the net of a project's levelized benefits and costs.¹¹ Project costs include contract payments, transmission, congestion, integration, and debt equivalence costs. Project benefits include energy and capacity value and congestion benefits. SCE ranks all conforming bids and creates a preliminary short list based on the net market value results.

⁷ Assuming the South Bear Creek HP Project receives the California Energy Commission certification as an eligible renewable resource.

⁸ Section 399.13(a)(4)(A).

⁹ Public Appendix 1.1 at 2, 3, & 11.

¹⁰ Unlike the other two utilities, SCE uses a different term, "Renewable Premium" for net market value.

¹¹ Present value expressed in terms of dollars per megawatt-hour (\$/MWh).

In addition to the quantitative ranking of bids, SCE evaluates the qualitative attributes of the top proposals. SCE assesses factors such as location, project viability, portfolio fit, resource diversity, counterparty concentration, and other attributes to eliminate or add projects to the final short list.

In the Bear Creek HP AL, the advice letter considered herein, SCE explains that the PPA is the result of SCE's 2014 RPS solicitation and that it evaluated and shortlisted the PPA bids consistent with its 2014 LCBF methodology.¹²

See the "Net Market Value and Cost Reasonableness" section of this resolution for a discussion of how the PPA compares to other offers from SCE's 2014 RPS solicitation and comparable RPS contracts executed by SCE in the 12 months prior to PPA executions.

The Bear Creek HP PPA was evaluated consistent with the LCBF methodology described in SCE's 2014 RPS Procurement Plan.

Net Market Value and Cost Reasonableness

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPA's net market value and price relative to other RPS offers received in recent RPS solicitations. Additionally, the Commission compares the PPA's net market value to comparable contracts executed by the utility in the 12 months prior to the proposed PPA's execution date. Lastly, the Commission evaluates the qualitative benefits of the PPA in context of SCE's RPS portfolio, as well as the potential cost exposure to SCE ratepayers.

From a pricing perspective, the Bear Creek HP ranks at the low end of the stack of projects in rank order in terms of Net Market Value and levelized cost. Consequently, the project is not very competitive relative to the solar PV and wind projects above it in the rank order stack of short-listed projects. Having said that, the project is an existing resource with a long track record of successful generation and there are no viability concerns. The Bear Creek HP also offers resource diversity benefits to SCE's RPS portfolio. Additionally, given the small

¹² SCE's 2014 RPS solicitation protocols, including its LCBF methodology, as described above, was approved by the Commission in D.14-11-042.

size of the project and the payment structure in the PPA, the total cost exposure to SCE's customers over the term of the contract is small. Using these metrics to evaluate the Bear Creek HP PPA, the project merits approval.

The Bear Creek HP PPA compares reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2014 RPS solicitation and comparable contracts executed by SCE in the 12 months prior to executing the Bear Creek HP PPA.

Payments made by SCE under the Bear Creek HP PPA are fully recoverable in rates over the life of the PPA, subject to Commission review of SCE's administration of the PPA and any other conditions contained herein or required by law.

Consistency with RPS Standard Terms and Conditions (STCs)

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, five of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. More recently, the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

The Bear Creek HP PPA includes the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.

Consistency with Portfolio Content Categories

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and authorized the Director the Energy Division to require the investor-owned utilities to provide information regarding the proposed contract's portfolio content category classification in each advice letter seeking Commission-approval of an RPS contract. The purpose of the information is to allow the Commission to evaluate the claimed portfolio content category of the proposed RPS PPA and the risks and value to ratepayers if the proposed PPA ultimately results in renewable energy credits in another, less preferred, portfolio content category.

SCE claims in the Bear Creek HP AL that the procurement pursuant to the PPA

will be classified as Portfolio Content Category 1. To support its claim, SCE asserts that the Bear Creek HP facility is located near Shingletown, California, an RPS-eligible resource that expects to have its first point of interconnection within the CAISO, a California balancing area. Pursuant to the Bear Creek HP PPA, the RECs associated with the electricity from Bear Creek HP will be delivered to SCE and not unbundled or transferred to another owner.

Consistent with D.11-12-052, SCE provided information in the Bear Creek HP AL regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the Bear Creek HP PPA.

In this resolution, the Commission makes no determination regarding the Bear Creek HP PPA's portfolio content category classification. The RPS contract evaluation process is separate from the RPS compliance and portfolio content category classification process, which require consideration of several factors based on various showings in a compliance filing. Thus, making a portfolio content category classification determination in this resolution regarding the procurement considered herein is not appropriate. SCE should incorporate the procurement resulting from the approved Bear Creek HP PPA and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showing consistent with all applicable RPS program rules.

Consistency with Long-Term Contracting Requirement

In D.12-06-038, the Commission established a long-term contracting requirement that must be met in order for retail sellers to count RPS procurement from contracts less than 10 years in duration for compliance with the RPS program.¹³ In order for the procurement from any short-term contract(s) signed after June 1, 2010, to count for RPS compliance, the retail seller must execute long-term contract(s) in the same compliance period in which the short-term contract(s) is signed. The volume of expected generation in the long-term contract(s) must be sufficient to cover the volume of generation from the short-term contract(s).¹⁴

¹³ For the purposes of the long-term contracting requirement, contracts of less than 10 years duration are considered "short-term" contracts. (D.12-06-038.)

¹⁴ Pursuant to D.12-06-038, the methodology setting the long-term contracting requirement is: 0.25% of Total Retail Sales in 2010 for the first compliance period;

Footnote continued on next page

The Bear Creek HP PPA is for a 15-year term and was executed during Compliance Period 2014-2016.

Because the Bear Creek HP PPA is greater than 10 years in length, the long-term contracting requirement does not apply to SCE's procurement via the Bear Creek HP PPA, and the Bear Creek HP PPA will contribute to SCE's long-term contacting requirement established in D.12-06-038 for Compliance Period 2014-2016.

Independent Evaluator Review

SCE retained Merrimack Energy Group, Inc. as the independent evaluator (IE) to oversee its 2014 RPS solicitation. In addition, the IE oversaw the negotiations with Bear Creek HP and evaluated the overall merits of the Bear Creek HP PPA. The Bear Creek HP AL included a public and confidential version of the IE's report.

The IE states in its report that the Bear Creek HP PPA was reasonably negotiated with contract terms that when taken as a whole appropriately protect the interests of SCE's ratepayers. Overall, the IE states that he agrees with SCE that the Bear Creek HP PPA merits Commission approval.

Consistent with D.06-05-039, an independent evaluator oversaw SCE's 2014 RPS solicitation and negotiations with Bear Creek HP.

Procurement Review Group (PRG) Participation Requirement

The PRG was initially established in D.02-08-071 to review and assess the details of the IOU's overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission as a mechanism for procurement review by non-market participants.

SCE consulted with its PRG during each milestone of the 2014 RPS solicitation, informing the participants of the initial bid results and the short list of bids. SCE

0.25% of Total Retail Sales in 2011-2013 for the second compliance period; and 0.25% of Total Retail Sales in 2014-2016 for the third compliance period.

also briefed the PRG participants on the proposed execution of the Bear Creek HP PPA at the July 1, 2015, PRG meeting.

SCE's PRG participants included representatives from Energy Division (ED), the Office of Ratepayer Advocates (ORA), Department of Water Resources, The Utility Reform Network (TURN), Sierra Club, and the California Utility Employees (CUE). Representatives from ED, ORA, TURN, Sierra Club, and IE attended the July 1, 2015, PRG meeting.

Consistent with D.02-08-071, SCE's Procurement Review Group participated in the review of the Bear Creek HP PPA.

Compliance with the Interim Greenhouse Gas Emissions Performance Standard (EPS)

Public Utilities Code Sections 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) baseload power contracts procured on behalf of California ratepayers.¹⁵

D.07-01-039 adopted an interim EPS that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas emissions of a combined-cycle gas turbine power plant. Generating facilities using certain renewable resources are deemed compliant with the EPS.¹⁶

The Bear Creek HP PPA is not covered procurement subject to the EPS because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim EPS Rules.

Safety Considerations

California Public Utilities Code Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public.

¹⁵ "Baseload generation" is electricity generation at a power plant "designed and intended to provide electricity at an annualized plant capacity factor of at least 60%." Section 8340 (a).

¹⁶ D.07-01-039, Attachment 7, p. 4.

SCE's 2014 *Pro Forma* PPA includes safety provisions, which require the seller to operate the generating facility in accordance with the Prudent Electrical Practices as defined in the *Pro Forma*. Further, these provisions specifically require that all sellers take a list of reasonable steps to ensure that the generation facility is operated and maintained in a safe manner. It also includes a provision that requires a report from an independent engineer certifying that the seller has a written plan for the safe construction and operation of the generating facility in accordance with the Prudent Electrical Practices. The seller must also provide the report to SCE prior to the commencement of any construction activities on the project site. The Bear Creek HP PPA includes all of these provisions. Based on the information before us, the Bear Creek HP does not appear to result in any adverse safety impacts on facilities or operations of SCE.

RPS ELIGIBILITY AND CPUC APPROVAL

Pursuant to Section 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable "eligibility" language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an "Eligible Renewable Energy Resource," that the project's output delivered to the buyer qualifies under the requirements of the RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.¹⁷

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires "CPUC Approval" of a PPA to include an explicit finding that "any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Public Utilities Code Section 399.11, et seq.), D.11-12-020 and D.11-12-052, or other applicable law."¹⁸

¹⁷ See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

¹⁸ See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

Notwithstanding this language, given that the Commission has no jurisdiction to determine whether a project is an “Eligible Renewable Energy Resource” for RPS purposes, this finding and the effectiveness of the non-modifiable “eligibility” language is contingent on CEC’s certification of the Bear Creek HP as an “Eligible Renewable Energy Resource.” The contract language that procurement pursuant to the Bear Creek HP PPA “is procurement from an eligible renewable energy resource” must be a true statement at the time of the first delivery of energy, not at the signing of the PPA or at the issuance of this Resolution.

While we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation absent CEC certification. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the utilities’ administration of such contracts.

CONFIDENTIAL INFORMATION

The Commission, in implementing Section 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, including price, is confidential for three years from the date the contract states that energy deliveries begin, or until one year following contract expiration, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked “[REDACTED]” in the public copy of this Resolution, as well as the confidential portions of the Bear Creek HP AL, remain confidential at this time.

COMMENTS

Section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this Resolution has been waived.

FINDINGS

1. The Bear Creek Hydroelectric Project is developed by TKO Power, LLC. The Bear Creek Hydroelectric Project will interconnect with the California Independent System Operator-control grid.
2. The Bear Creek Hydroelectric Project power purchase agreement is consistent with Southern California Edison's 2014 Renewables Portfolio Standard Procurement Plan, as approved by D.14-11-042.
3. The Bear Creek Hydroelectric Project power purchase agreement was evaluated consistent with the Least-cost, Best-fit methodology described in SCE's 2014 RPS Procurement Plan.
4. The Bear Creek Hydroelectric Project power purchase agreement compares reasonably from a net market value and cost basis relative to RPS offers received in Southern California Edison's 2014 RPS solicitation and contracts executed in the last 12 months.
5. The Bear Creek Hydroelectric Project power purchase agreement includes the Commission adopted Renewables Portfolio Standard "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, D.10-03-021, as modified by D.11-01-025, D.13-11-024, and D.14-11-042.
6. Consistent with D.11-12-052, Southern California Edison provided information in Advice Letter 3275-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Bear Creek Hydroelectric Project power purchase agreement.
7. Because the Bear Creek Hydroelectric Project power purchase agreement is longer than 10 years, the long-term contracting requirement does not apply to Southern California Edison's procurement via the Bear Creek Hydroelectric Project power purchase agreement, and the Bear Creek Hydroelectric Project power purchase agreement will contribute to SCE's long-term contracting requirement established in D.12-06-038 for the 2nd Compliance Period 2014-2016.
8. Consistent with D.06-05-039, an independent evaluator oversaw Southern California Edison's 2014 Renewables Portfolio Standard procurement solicitation and Southern California Edison's negotiations for the Bear Creek Hydroelectric Project power purpose agreement.

9. Consistent with D.02-08-071, Southern California Edison's Procurement Review Group participated in the review of the Bear Creek Hydroelectric Project power purchase agreement.
10. The Bear Creek Hydroelectric Project power purchase agreement is not covered procurement subject to the Emissions Performance Standard because the generating facility has a forecast annualized capacity factor of less than 60 percent and therefore is not baseload generation under paragraphs 1(a)(ii) and 3(2)(a) of the Adopted Interim Emissions Performance Standard Rules.
11. It is reasonable to expect that the Bear Creek Hydroelectric Project facility will be able to meet the terms and conditions in the Bear Creek Hydroelectric Project power purchase agreement.
12. Procurement pursuant to the Bear Creek Hydroelectric Project power purchase agreement must be procurement from an eligible renewable energy resource certified by the CEC for purposes of determining Southern California Edison's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (Sections 399.11, et seq.), D.03-06-071 and D.06-10-050, or other applicable law on or before the first delivery of energy.
13. Payments made by Southern California Edison pursuant to the Bear Creek Hydroelectric Project power purchase agreement are fully recoverable in rates over the life of the power purchase agreement, subject to Commission review of Southern California Edison's administration of the power purchase agreement and any other applicable Commission review.
14. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of the advice letter, remain confidential at this time.
15. Advice Letter 3275-E should be approved and effective today.

THEREFORE IT IS ORDERED THAT:

1. The request of the Southern California Edison Company for review and approval of a power purchase agreement with TKO Power, LLC as requested in Advice Letter AL 3275-E is approved without modification.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 3, 2015; the following Commissioners voting favorably thereon:

TIMOTHY J. SULLIVAN
Executive Director

DRAFT

Confidential Appendix A

Evaluation Summary of the Bear Creek Hydroelectric
Project Power Purchase Agreement (PPA)

[REDACTED]

Confidential Appendix B

Excerpt from the Independent Evaluator Report on the
Bear Creek Hydroelectric Project PPA¹⁹

[REDACTED]

¹⁹ Excerpt from: Report of the Independent Evaluator Final Selection Process and Review of the Power Purchase Agreement with South Bear HP and Merrimack Energy Group, Inc. in July 2015, as submitted with the South Bear HP AL (3275-E), Confidential Appendix C.