
PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 28, 2011

TO PARTIES OF RECORD IN RULEMAKING 11-05-005.

At the Commission Meeting of December 15, 2011, Commissioners Michael R. Peevey and Timothy Alan Simon stated that they would file concurrences in Decision 11-12-052. The decision was mailed on December 21, 2011.

The concurrence of Commissioner Timothy Alan Simon is now available and is attached herewith. Commissioner Peevey's concurrence will mail at a later date.

/s/ KAREN V. CLOPTON

Karen V. Clopton, Chief
Administrative Law Judge

KVC:lil

Attachment

**Concurrence of Commissioner Timothy Alan Simon on Item 47,
[D.11-12-052] Decision Approving Continued Implementation and
Administration of California Renewables Portfolio Standard Program**

I support the adopted Decision to implement changes to the Renewables Portfolio Standard (RPS) program, as directed by recent legislation, Senate Bill 2X (Simitian).¹ California's RPS program² is one of the most ambitious renewable energy standards in the country. This Decision provides important flexibility to the RPS program by defining three new portfolio content categories for RPS procurement and by setting clear minimum and maximum use of procurement in each category.

My vote in support of this Decision is given with reservations. I am concerned; first, that cost containment should be elevated in program implementation, such that renewable procurement will be achieved in the most cost-effective manner. I am clear that greenhouse gas reduction is regional in nature and not simply a California obligation. Hence, I do not believe California ratepayers should be disproportionately burdened with high renewable energy costs. I am concerned, further, that high energy prices due to overly high renewable implementation costs may cause commercial and large industrial customers to depart the system or to exit California altogether. I do not oppose renewable energy, but am immensely aware that California's energy rates must be competitive with that of neighboring states. If not, it is inevitable that California will experience load reductions together with rising energy costs, a scenario that will drive businesses out of our great state.

In 2003, when the RPS program was introduced, horizontal shale gas fracking was in development. Today, we know that production of shale gas resources is abundant, and this expectation has significantly reduced natural gas prices. According to the United States Energy Information Administration Annual Energy Outlook 2011,³ the United States has ample shale gas resources, enough for over 110 years of use. In fact, our country, by way of shale gas, has the largest

¹ SB 2 of the First Extraordinary Session (Simitian) (Stats. 2011, ch.1X).

² Cal. Pub. Util. Code § 399 et seq.

³ *Annual Energy Outlook 2011, with Projections to 2035*, U.S. Energy Information Administration, DOE/EIA-0383(2011), April 2011, at [http://www.eia.gov/forecasts/aeo/pdf/0383\(2011\).pdf](http://www.eia.gov/forecasts/aeo/pdf/0383(2011).pdf).

D.11-12-052

R.11-05-005

supply of natural gas in the world. Due to this development, many states in the Western Energy Electricity Council are fuel switching from coal to natural gas, with the result that, in some cases, surplus renewable energy is available for delivery into California.

If California's RPS is not conducive to this market opportunity, I have legitimate concerns that the legislature-imposed cap on out-of-state regional power could, in effect, isolate a higher electricity price structure to California, while neighboring states experience price reductions.

For the aforementioned reasons, I implore my fellow Commissioners not to rely exclusively on renewable energy resources to reduce greenhouse gas emissions. We are fortunate to have many tools available, including newer high-efficiency gas turbine generators, over 300 bcf's of natural gas storage, demand response, and energy efficiency programs, that also must be utilized to reduce greenhouse gas emissions. Californians should not have to absorb exorbitant energy prices simply due to the cost of RPS implementation.

Renewable energy is one of many clean fuel resources and should be deployed when it is the most regionally cost-effective clean fuel choice. While we are bound by definitions within the RPS, we should not advance a Tradable Renewable Energy Credit market that, by design, opts for the higher-cost fuel choice.

I look forward to working with my fellow Commissioners in implementing a cost-effective RPS program. California deserves nothing less!

Date December 27, 2011, at San Francisco, California.

/s/ TIMOTHY ALAN SIMON

Timothy Alan Simon

Commissioner