



**RPS ANNUAL PROCUREMENT TARGETS**  
**REPORTING and COMPLIANCE**  
**STAFF WHITE PAPER**

**Methodology for Determining Loading Serving Entity  
Compliance with the Renewables Portfolio Standard (RPS)  
20% by 2010 Procurement Requirement**

Prepared by the Energy Division of the California Public Utilities Commission

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of the California Energy Commission

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## I. Introduction

California Senate Bill (SB) 1078 established the California Renewables Portfolio Standard (RPS) program with a stated intent of ensuring that 20% of electricity purchases in California in 2017 come from eligible renewable energy sources. To reach that goal, the legislation requires all load-serving entities (LSEs) to which it applies to increase their renewable energy procurement by at least 1% of retail sales per year.<sup>1</sup> The legislation also requires that the California Public Utilities Commission (CPUC) develop flexible rules for compliance including, but not limited to, permitting electrical corporations to apply excess procurement in one year to subsequent years or inadequate procurement in one year to not more than the following three years.<sup>2</sup>

The State's Energy Action Plan (EAP) called for acceleration of the RPS goal to reach 20% by 2010. This was reiterated in the Order Instituting Rulemaking (R.04-04-026) issued on April 28, 2004<sup>3</sup>, which encouraged the utilities to procure cost-effective renewable generation in excess of their RPS annual procurement targets in order to make progress towards the goal expressed in the EAP. The 20% by 2010 target was most recently reaffirmed in D.05-07-039 and D.05-11-025.<sup>4</sup>

This white paper seeks to clarify compliance and reporting rules for all load-serving entities to whom the California RPS applies. In addition to investor-owned utilities (IOUs), Energy Service Providers (ESPs), Community Choice Aggregators (CCAs), and Small/Multi-Jurisdictional Utilities (SMJUs) should assume that these rules will apply to them, though some adjustments may be necessary (e.g. modifying the incremental procurement target calculation).

Parties will be provided several opportunities to comment on the Staff white paper: (1) February 16, 2006 CPUC reporting workshop, (2) post-workshop comments and reply comments, and (3) comments and reply comments on the CPUC proposed decision that adopts the clarified RPS reporting and compliance rules.<sup>5</sup>

## II. RPS Reporting and Compliance - CEC and CPUC Responsibilities

Under SB 1078, CPUC and California Energy Commission (CEC) collaboratively implement California's RPS. The division of labor pursuant to the legislation and collaborative agreement is as follows:

CPUC is responsible for:

- Approving or rejecting contracts executed to procure RPS-eligible electricity
- Establishing each LSE's initial baseline and adjusting the baseline going forward

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<sup>1</sup> See, Public Utilities Code § 399.15(b)(1)

<sup>2</sup> See, SB 1078, section 399.14(a)(2)(C)

<sup>3</sup> See, R.04-04-026, p. 6.

<sup>4</sup> See D. 05-07-039 (pg. 14-15) and D.05-11-025677 (pg. 24, CoL #1)

<sup>5</sup> The California Energy Commission will develop and refine its verification of RPS procurement pursuant to legislation and the RPS reporting and compliance guidelines adopted by the Commission.

- Determining each LSE's procurement targets annually
- Implementing flexible compliance rules
- Making determinations regarding RPS compliance
- Imposing penalties for non-compliance

CEC is responsible for:

- Certifying renewable generating facilities as RPS-eligible
- Verifying the RPS-eligibility of energy procured to meet RPS targets
- Certifying "incremental geothermal" facilities and identifying the amount of generation that qualifies as incremental geothermal<sup>6</sup>
- Verifying, to the extent possible, that RPS procurement exclusively serves the California RPS and does not support a separate market claim for renewable energy procurement
- Verifying that RPS procurement from out-of-state facilities meets delivery requirements
- Applying statutory requirements to identify baseline procurement and applying CPUC's rules, to the extent possible, to identify baseline, incremental procurement, and annual procurement
- Comparing CPUC's annual procurement targets and incremental procurement targets for each LSE with the Energy Commission's findings for how much procurement qualifies toward the targets

### **III. RPS Reporting: Definitions and Methodology**

The set of definitions and methodologies that are used in RPS reporting have been developed in a series of CPUC decisions. In this section we seek to clarify and expand upon these definitions and methodologies.

#### **A. Annual Procurement Target (APT)**

An LSE's APT for a given year is the amount of renewable generation a LSE must procure in order to meet the statutory requirement that it increase its renewable procurement by at least 1% of retail sales per year.<sup>7</sup> IOUs are required to comply with this APT procurement obligation effective January 1, 2004.<sup>8</sup> Non-IOU LSE's are required to comply with this APT procurement obligation effective January 1, 2006.

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<sup>6</sup> Public Utilities Code Section 399.12(a)(2) states that "The Energy Commission shall determine historical production trends and establish criteria for measuring incremental geothermal production that recognizes the declining output of the steamfields and contribution of capital improvements in the facility or wellhead."

<sup>7</sup> See, D.03-06-071, p. 7, fn. 9.

<sup>8</sup> Regarding the IOUs' pre-2004 RPS procurement obligations, D. 02-08-071 and D.04-06-014 established an interim procurement benchmark for 2002/2003 and a methodology for determining the 2003 baseline. D. 03-06-071 laid out the methodology for determining the APT for 2004 and beyond.

The APT consists of two separate components:

1. Current year baseline target - representing the total amount of renewable procurement from the prior year that the utility must retain in its portfolio (i.e., prior year APT).
2. Incremental procurement target (IPT) - defined as at least 1% of the previous year's total retail electrical sales, including power sold to a utility's customers from its DWR contracts.<sup>9</sup>

The APT is calculated using the following equation:

$$\text{Current year APT} = \text{current year baseline target} + \text{current year IPT}^{10}$$

**Table 1: 2004 - 2010 Annual Procurement Target Calculation (kWh)**

#		2003	2004	2005	Calculation
A	Retail Sales	1000	1000	1000	- -
B	Current Year Baseline	500	500	510	prior year D
C	Incremental Procurement Target	N/A	10	10	prior year A * 1%
D	Annual Procurement Target	N/A	510	520	B + C

Note: Because the 2003 baseline target included the 2002/2003 interim procurement benchmark, there is no APT for 2003.

### B. Baseline Target (BT)

An LSE's annual baseline target represents the amount of RPS-eligible procurement that it was required to buy in the prior year and must retain in its portfolio going forward. LSEs must meet their annual baseline target to satisfy their RPS procurement obligations.<sup>11</sup> Note: Staff uses the term "baseline target" in this proposal to clearly delineate baseline targets from baseline procurement.

#### 1. IOU Baseline Targets:

##### i) 2003 IOU Initial Baseline Target

For purposes of setting annual procurement targets, PU Code 399.15(a)(3) defined the initial baseline for each electrical corporation as the actual percentage of retail sales procured from eligible renewable energy resources in 2001, and, to the extent applicable, adjusted going forward. Consequently, the Commission revised the initial baseline calculation to include renewable generation procured in the period between legislative enactment and the issuance of OIR.04-04-026, thus establishing 2003 as the initial baseline year

<sup>9</sup> See, R. 04-04-026, p. 5

<sup>10</sup> D.04-06-014, Appendix B-2 defined APT for IOUs as prior year renewable baseline procurement + IPT. While this is correct for determining the 2004 APT, it would be more accurate to say that APT for 2005 – 2010 equals prior year APT + current year IPT.

<sup>11</sup> See, R. 04-04-026, p. 5

for IOUs.<sup>12</sup> The 2003 initial baseline target is calculated using the following equation:

$$\text{2003 IOU Initial Baseline Target} = \text{2001 total renewable procurement} + \text{2002/2003 interim procurement benchmark (2001 retail sales * 1\%)}^{13}$$

**Table 2: 2003 Baseline Target Calculation (kWh)**

#		2001	2002	2003	Calculation
A	Retail Sales	1000	1050	1100	--
B	Total Renewable Procurement	100	--	--	--
C	2002/2003 Interim Procurement Benchmark	N/A	--	10	A (2001) * 1%
D	Baseline	N/A	N/A	110	B (2001) + C

ii) 2004 IOU Baseline Target Calculation

Because the 2003 baseline target included the 2002/2003 interim procurement benchmark, there is no APT for 2003. Therefore, the 2004 baseline target is simply the 2003 baseline target.

iii) 2005 - 2010 IOU Baseline Target Calculation

(1) The baseline targets for 2005 - 2010 are calculated by adding the prior year's incremental procurement target (IPT) to the prior year's baseline target, i.e., current year baseline target equals prior year APT. The 2005-2010 IOU baseline target is calculated using the following equation:

$$\text{2005 - 2010 IOU Baseline Target} = \text{prior year baseline target} + \text{prior year IPT}$$

**Table 3: 2005-2010 Baseline Target Calculation (kWh)**

#		2004	2005	2006	Calculation
A	Retail Sales	2000	2100	2200	n/a
B	Baseline Target	110	121	141	prior year D
C	Incremental Procurement Target	11	20	21	prior year A * 1%
D	Annual Procurement Target	121	141	162	B + C

2. Baseline Targets for non-IOU LSEs

Pursuant to D.05-11-025, non-IOU LSEs are required to utilize the same reporting and compliance mechanisms as IOU. Staff acknowledge that adjustments to the methodology may be required. Staff expect that these adjustments will be identified in the workshop and the post-workshop comments.

<sup>12</sup> See, D. 04-06-014, p. B-2: "Definition: Initial RPS generation baseline is defined as all RPS-eligible renewable generation in a utility's 2003 portfolio, not including any renewable generation procured in excess of what was required by D.02-08-071."

<sup>13</sup> Procurement in excess of the 2002/2003 interim procurement benchmark can be used to meet future RPS obligations (see, D. 04-06-014, pp.10-11.)

### C. Baseline Procurement

Baseline procurement is energy that is either 1) from RPS-eligible facilities that were under contract in 2001,<sup>14</sup> 2) statutorily restricted to baseline<sup>15</sup>, or 3) has been previously allocated to one of the LSE's prior incremental procurement targets.<sup>16</sup>

#### 1. Treatment of Baseline Erosion

Baseline erosion occurs when the current year's baseline procurement is less than the current year's baseline target. Specifically, if deliveries from an RPS-certified generator under contract with an IOU cease or decrease for any reason, then the LSE's baseline will decline assuming all other procurement remains equal.

Given that the RPS goal is to both maintain the baseline level of renewable procurement and to satisfy the IPT in each year, any shortfall created by baseline erosion in a given year must be made up with additional procurement in that year.<sup>17</sup> Shortfalls due to baseline erosion may be made up with any or all of the following three types of procurement:

- i) Baseline procurement from a facility already under contract with the LSE
- ii) Baseline procurement from a facility categorized by the CEC as non-incremental and is not already under contract with the LSE
- iii) Incremental procurement with deliveries in the current year

If an LSE is unable to address the baseline erosion in the current year using the procurement options outlined above then the deficit is added to the current year's IPT. By adding the deficit to the IPT, LSEs can use deficit banking and earmarking to temporarily defer their compliance obligation. See Sections III(E) and IV for a discussion of incremental procurement and the relevant flexible compliance rules.

### D. Incremental Procurement Target (IPT)

The incremental procurement target represents the amount of RPS-eligible renewable procurement that must be procured in the current year, over and above what is already in an LSE's portfolio.<sup>18</sup> An LSE's IPT in a given year is defined as at least 1% of the previous year's total retail electrical sales, including power sold to a utility's customers from its DWR contracts.<sup>19</sup> It should be noted that the Commission retains the authority to increase this amount above 1% to meet state goals for renewable procurement, and also that the minimum 1% incremental procurement increase per year will not get all LSEs to the required 20% by 2010.

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<sup>14</sup> See, SB 1078, section 399.15(a)(3)

<sup>15</sup> See, SB 1078, section 399.12(a)(1)

<sup>16</sup> This definition agrees the definition of baseline procurement that CEC uses in its first Renewables Portfolio Standard Verification Report (Verification Report).

<sup>17</sup> See, D. 04-04-026 (pg.5) and D. 03-06-071 (pg. 46-47)

<sup>18</sup> RPS compliance is determined on a 12 month (calendar) basis.

<sup>19</sup> See, SB 1078, Sections 399.15(b)(1) and 399.15(b)(2), and D. 04-06-014, p. B-1

### 1. IOU IPT Calculation

The IOU IPT, which first applies in 2004, is calculated using the following equation:<sup>20</sup>

$$\text{IPT} = 1\% \text{ of prior year retail sales} + \text{current year baseline erosion shortfall}^{21}$$

### 2. Non-IOU IPT Calculation

Pursuant to D.05-11-025, non-IOU LSEs are required to utilize the same reporting and compliance mechanisms as IOU. Staff acknowledges that adjustments to the methodology may be required. Staff expects that these adjustments will be identified in the workshop and the post-workshop comments.

## E. Incremental Procurement (IP)

Incremental procurement for a given LSE is defined as the first twelve consecutive months of renewable procurement from a new or repowered RPS-eligible facility or a new contract for procurement from an existing RPS-eligible facility that has not been under contract to that LSE since January 1, 2001<sup>22</sup>. To clearly delineate incremental procurement from non-incremental (baseline) procurement and from the incremental procurement target, staff uses the term incremental procurement (IP).

Only IP can be used to meet an IPT. If IP is used to meet procurement targets in one year, then it is considered baseline procurement in the years thereafter. If it is not used to meet procurement targets, it is considered IP surplus and can be banked forward. See section IV(A) for a detailed discussion of the banking of IP surpluses/deficits. While RPS compliance is determined on a 12 month (calendar) basis, incremental procurement is defined as the 1<sup>st</sup> 12 months of generation.<sup>23</sup> Outlined below are three such instances where incremental generation might not be on a 12 month calendar basis: partial deliveries in the first year, phased project, and terminated/renegotiated contracts.

#### 1. Incremental Determination for Partial Generation

Any incremental generation that comes on partway through year 1 is counted as IP. The generation in year 2, less year 1 generation, is counted as IP in year 2.<sup>24</sup> Procurement after the first 12 months of operation is categorized as baseline procurement.

Example: In year 1 an LSE executes a 20 year contract with project A for 10 units of generation per year. However, project A comes online in June instead of January, so it only generates 5 units of incremental procurement in year 1. In year 2 project A

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<sup>20</sup> D. 04-06-014, p. B-1

<sup>21</sup> If LSE is unable to contract for baseline/incremental deliveries in the current year

<sup>22</sup> Subject to specific criteria and restrictions that apply to certain geothermal, small hydroelectric and municipal solid waste combustion facilities as set forth in the Renewable Portfolio Standard Eligibility Guidebook (August 2004, Publication Number 500-04-002F1)

<sup>23</sup> D. 05-07-039 (p.14) provided an exemption from the calendar year compliance rule for the 2005 RPS solicitation. Specifically, 2005 RPS contracts signed by June 30, 2006 may be counted as "contracts already executed" for 2005.

<sup>24</sup> CEC's Renewables Portfolio Standard Verification Report, February 2006, p. 14.

delivers 10 units. Only 5 units are considered incremental procurement in year 2, the remaining 5 units are considered baseline procurement. In year 3 and thereafter, all 10 units of generation are categorized as baseline procurement.

**Table 4: Incremental Determination: Partial Generation**

#		Year 1	Year 2	Year 3	Calculation
A	Contracted kWh	10	10	10	
B	Delivered kWh	5	10	10	
C	IP	5	5	0	B - (Prior years C)
D	Baseline	0	5	10	B - C

## 2. Incremental Determination for Phased Projects

A phased project is defined as a project with generation that will increase as new capacity is added in phases (e.g., Stirling solar facility). Increased generation due to phased expansion may be categorized as IP. This is analogous to CEC's eligibility guideline that allows incremental geothermal generation from an existing geothermal facility to be categorized as IP if the procurement increase is a result of new capital investment.<sup>25</sup> Incremental determination for a phased project is not unit specific; instead, it is based on the aggregate generation procured from the entire facility.

## 3. Incremental Determination for Terminated and Renegotiated Contracts

Assuming that the generation has not been categorized by the CEC as baseline generation, newly procured generation will count either as baseline or incremental procurement, depending on whether the LSE has previously procured from the project in question.

### i) Baseline contract renegotiation after contract expiration:

- (1) Example – Suppose an LSE has a baseline contract that expired in 2004 but the LSE successfully renegotiated the contract. Because the facility was an existing facility from which the LSE had procured electricity, procurement associated with the renegotiated contract is considered baseline procurement, not incremental procurement.
- (2) Example - Suppose a project was providing baseline procurement to LSE 1. The contract expires and LSE 2 (who has not had a contract with the project in 2001 or later) signs a contract with the same project. Assuming that the project is not statutorily restricted to baseline, the procurement from the project would be considered incremental procurement for LSE 2.

### ii) Baseline contract renegotiation after contract termination:

- (1) Example - Project A (eligible for RPS - incremental determination) contracts with an LSE but never generates due to project failure. Project A participates in another solicitation held by the same LSE and successfully

<sup>25</sup> See CEC's Renewables Portfolio Standard Eligibility Guidebook, August 2004, p.10.

signs a new contract with the LSE. The deliveries from project A would be considered incremental procurement because the project never delivered under the first contract.

#### **IV. RPS Compliance: Definitions and Methodology**

In order to be in compliance with the California RPS procurement targets in a given year, LSEs must meet both the APT and the IPT. If an LSE is out of compliance it is subject to penalties.<sup>26</sup> However, pursuant to D.03-06-071 and D.05-07-039, LSEs are allowed some flexibility regarding RPS compliance in a given year. Specifically, LSEs can bank forward surplus/deficit procurement (banking) and are allowed, in certain cases, to use contracts with future deliveries to temporarily defer a determination of compliance (earmarking). It should be noted that this flexibility does not negate the requirement that LSEs have 20% of their retail sales served by RPS-eligible procurement by 2010.

In addition, D. 03-06-071 allows LSEs to carryover 100% of their APT for the first year of their participation in the program without having to demonstrate to the Commission that any shortfall meets one of the four automatic exemptions discussed hereafter. Any use of this 100% exemption for the first year is subject to the requirement that it be made up within three years, as per the 25% automatic exemption to be granted in subsequent years.<sup>27</sup>

Non-creditworthy LSEs are also exempt from procuring under the RPS program.<sup>28</sup> If an LSE is not creditworthy, its APT is banked forward until it is creditworthy. RPS compliance requirements are not triggered until the beginning of the first calendar year after the LSE is deemed creditworthy by the Commission.<sup>29</sup>

##### **A. Forward Banking of Incremental Procurement - Surpluses and Deficits**

Pursuant to D.03-06-071, any current year IP that is not used to satisfy current year procurement targets is considered IP surplus and can be banked forward indefinitely until it is used to meet an RPS procurement target. Once IP surplus is used to meet a procurement target (i.e., baseline target or IPT), it is considered baseline procurement in the following year and the years thereafter.

By contrast, IP deficits occur when IP procured in a given year is not enough to meet both the IPT and any baseline erosion shortfall that has not been made up with baseline procurement. IP surplus/deficits in a given year are determined using the following equation:

$$\text{IP} - \text{IPT} - \text{baseline erosion (if applicable)} = \text{surplus/deficit}$$

An IP deficit measuring less than or equal to 25% of that year's IPT can be carried forward, without CPUC approval, for up to three years. While an IP deficit of less than or

<sup>26</sup> D. 03-06-071, p.50 adopts a penalty of 5 cents per kilowatt-hour, with an overall annual penalty cap of \$25 million per utility.

<sup>27</sup> See, D. 03-06-071, p.49, fn. 41.

<sup>28</sup> PU Code § 399.14(a)(1)

<sup>29</sup> D.03-06-071, pg. 53

equal to 25% of IPT can be rolled forward, it must be offset with actual procurement within the following three years, i.e., earmarking cannot be used. Note: Past decisions, most recently D.05-07-039, did not expressly state that the flexible compliance rules are based on the IPT.<sup>30</sup> Staff clarify here that the 25% - 75% flexible compliance threshold is in relationship to the IPT, not the APT.

Pursuant to D.03-06-071, LSEs are allowed to carry forward, for up to three years, IP deficits greater than 25% of that year's IPT if they have successfully demonstrated to the CPUC one of the four below conditions:<sup>31</sup>

1. Insufficient response to the RPS solicitation
2. Contracts already executed will provide future deliveries sufficient to satisfy current year deficits (see section IV(B) on earmarking below)
3. Inadequate public goods funds to cover above-market renewable contract costs
4. Seller non-performance.

D.03-06-071 requires LSEs to meet their current year IPT before addressing prior year deficits. For example, if an LSE has an IP deficit in both years 1 and 2, then in year 3 the LSE must meet its procurement obligations in the following order:

1. Year 3 IPT (current year)
2. Year 1 deficit
3. Year 2 deficit

If a deficit is not offset with incremental procurement by the end of the third year, the LSE is out of compliance and penalties may be assessed.

#### B. Earmarking Incremental Procurement

D.05-07-039 expanded upon the flexible compliance guidelines outlined in D.03-06-071 by allowing the LSEs, beginning in 2005, to earmark incremental procurement (IP<sub>E</sub>) that will deliver in the future. Specifically, earmarking is a flexible compliance tool that allows an LSE to temporarily defer current year compliance by using contracts with future deliveries to the current year's RPS procurement obligations.

Earmarked procurement can only be used to defer compliance for an IP deficit that is greater than 25% of a given year's IPT. If the earmarked contracts do not deliver within three years or by December 31, 2010, whichever is sooner, the LSE is out of compliance for the year for which the contracts were earmarked. Lastly, earmarked procurement can be counted only once, and cannot be banked forward as surplus.

#### **Table 5: IP Deficit Eligible for Earmarking Calculation**

<sup>30</sup> See, D. 03-06-071 pp. 47-49 and D. 05-07-039 pp. 12-13.

<sup>31</sup> See, D. 03-06-079 p.49.

#		Year 1	Calculation
A	IPT	4	Prior year retail sales * 1%
B	IP (delivered)	0	- -
C	IP deficit	4	A - B
D	IP deficit eligible for earmarking	3	C - (A * 25%)

## V. RPS Reporting and Compliance Process

In order to ensure each LSE meets its APT and IPT requirements as outlined above, each LSE is required to make a filing on March 1 outlining its results in achieving the prior year APT and IPT. In addition, on August 1 (or the next business day thereafter) of each year, each LSE should make a filing to the Commission outlining its progress toward achieving that year's APT and IPT, using a similar format to the March 1 filing.

In the March 1 filing, each LSE should clearly indicate its baseline target, APT and IPT for the relevant year, its additional renewable procurement that is eligible to meet this requirement, sorted by renewable source type (e.g., wind, solar, biomass, geothermal, etc.), an accounting of past, current and anticipated future deficits and any additional information deemed necessary based on consultation with the Commission's Energy Division. The August 1 filing should contain the same information but with a clear delineation between actual and forecast quantities for the applicable year.

If the LSE has met its APT and IPT, subject to the flexible compliance mechanisms adopted in D.03-06-071 and D.05-07-039, the March 1 filing will be only a compliance filing. However, if the LSE is below the 75% annual threshold described above, this filing is the LSE's opportunity to demonstrate why its IPT shortcoming is a result of one or more of the four reasons for non-compliance outlined above.

If the LSE's shortcoming is not a result of one or more of these reasons, this filing represents the LSE's opportunity to seek approval for annual shortfalls greater than 25% of the IPT if the conditions of PU Code §399.14(c) are triggered<sup>32</sup> or to convince the Commission that a deferral would promote ratepayer interests and the overall procurement objectives of the RPS program.<sup>33</sup>

The March 1 filing should also include an LSE calculation of any penalties to be assessed for IPT or APT deficits, calculated based on the penalty levels described in D.03-06-071 (or any future modification of that penalty), which the Commission can choose to alter by

<sup>32</sup>Under PU Code §399.14(c), the Commission may direct a utility to conduct a new solicitation if it determines that "bid prices are elevated due to a lack of effective competition amongst the bidders."

<sup>33</sup> D.03-06-071, pg.52

taking the above outlined factors into consideration.<sup>34</sup> The Commission will act within 90 days of receiving this filing, if Commission action is necessary.<sup>35</sup>

Lastly, any LSE may seek CPUC advance approval of any expected IPT shortcoming beyond the 75% threshold, or any expected APT shortcoming, by making a filing of its own volition. Given the long duration of RPS-eligible contracts, an LSE should have the information to pursue this option if it prefers.<sup>36</sup>

## **VI. Proposed Revisions to Reporting - Compliance Process**

In order to simplify the reporting process and promote transparency, Staff proposes the following:

1. The March 1 APT compliance report should instead be submitted on May 1 to coincide with LSE completion of the CEC RPS-Track form and FERC Form 1. Ideally, the procurement numbers reported in the CEC-RPS track form, CPUC APT compliance report, and the FERC Form 1 will be using the same procurement data. CPUC would use the data in the May 1 APT Compliance report to determine LSE RPS compliance. Final determination will not be made until CEC has formally adopted its RPS verification report.
2. The August 1 APT compliance filing, which reports on RPS procurement for the year to date, should be deleted. Instead, the LSE would incorporate this midyear procurement report into its short-term RPS procurement plan, which will be filed early 4<sup>th</sup> quarter of every year. An updated version of the APT compliance spreadsheet (submitted on May 1) would also be filed with the short-term RPS procurement plan as workpapers.

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<sup>34</sup> On May 1, LSEs are required to file RPS-Track forms with the CEC34 and Form 1 with FERC. After CEC gets the RPS-Track forms, it issues an RPS verification report that verifies RPS-eligible procurement for that year. CPUC is not able to determine RPS compliance until CEC has issued its verification report.

<sup>35</sup> D.03-06-071, pg. 52

<sup>36</sup> D.03-06-071, pg.52-53