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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Filed May 5, 2011)

ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENTS ON THE RENEWABLE AUCTION MECHANISM

Today's ruling sets a schedule for review of the Commission's Renewable Auction Mechanism (RAM) and includes questions prepared by the Commission's Energy Division to assist with this review.

Commissioner Ferron issued an Amended Scoping Memo identifying issues for consideration regarding Renewables Portfolio Standard (RPS) administration and the RPS procurement process on September 12, 2012.[1] The possible extension of RAM, as established by Decision (D.) 10-12-048,[2] was among the topics identified for review in this proceeding.[3] Consistent with the goals of the September 12, 2012 Amended Scoping Memo, this proceeding now revisits the RAM program.

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[1] *Amended Scoping Memo and Ruling of Assigned Commissioner* (September 12, 2012) at 4-8.

[2] D.10-12-048, *Decision Adopting the Renewable Auction Mechanism* (December 16, 2010).

[3] *Amended Scoping Memo and Ruling of Assigned Commissioner* (September 12, 2012) at 4.

RAM is a simplified market-based procurement mechanism for use by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E), to promote the procurement of distributed generation projects up to 20 megawatts (MW) and eligible for California's RPS program.[4]

The Commission initially authorized the utilities to procure 1,000 MW through RAM by holding four auctions over two years.[5] The fourth RAM auction closed June 28, 2013. The Commission authorized a fifth auction in Resolution E-4582.[6] This fifth auction is scheduled to close on June 27, 2014. The Commission has not authorized any additional auctions under RAM, beyond the fifth auction.

Issues to be examined in this proceeding will include whether the factors underlying the program's original authorization continue to apply and whether reauthorization of the program is appropriate. Additional issues, such as program elements, eligibility, viability, and contract terms and conditions will also be reviewed.

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[4] The initial RAM authorization in D.10-12-048 included procurement for projects sized 1-20 MW. D.12-05-035, which implemented the revised Section 399.20 Feed-in Tariff, changed the minimum project size for RAM to projects greater than 3 MW. See, D.12-05-035 (May 24, 2012), *Decision Revising Feed-in Tariff Program, Implementing Amendments to Public Utilities Code Section 399.20 Enacted by Senate Bill 380, Senate Bill 32, and Senate Bill 2 1X and Denying Petitions for Modification of D.07-07-027 by Sustainable Conservation and Solutions for Utilities, Inc.*, Ordering Paragraph 7 at 125.

[5] Since the initial RAM authorization of 1,000 MW, the authorized capacity of the program was increased to 1,330 MW by D.12-02-002, D.12-02-035, and D.13-05-033.

[6] CPUC Resolution E-4582, Ordering Paragraph 2 at 12.

Attachment A includes questions by Energy Division to initiate the discussion on these topics. Comments by parties in response to these questions may identify additional issues. A workshop may be scheduled, if necessary, to further discuss any or all of these issues.

Parties may file comments and reply comments on Attachment A according to the following schedule:

Comment Schedule

Initial Comments - 30 days from the date of this ruling
Reply Comments - 45 days from the date of this ruling

In preparing comments to the questions in Attachment A, parties should use the numbering system reflected in Attachment A to label the specific issue being addressed. Parties should also incorporate a table of contents.

IT IS RULED that comments in response to questions in Attachment A may be filed as set forth above.

Dated December 31, 2013, at San Francisco, California.

/s/ REGINA DEANGELIS
Regina DeAngelis
Administrative Law Judge

ATTACHMENT A
Energy Division Summary & Questions on Future of RAM

ATTACHMENT A

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Attachment A

Energy Division Summary & Questions on Future of RAM

1. History of RAM

The Commission adopted the renewable auction mechanism (RAM) program in Decision (D).10-12-048 on December 16, 2010. The program evolved from the Commission's inquiry into expanding the then-existing Feed-in Tariff (FiT) program, which applied to generators 1.5 megawatts (MW) and below. As a result of that inquiry into the expansion of the FiT, the Commission determined that system-side distributed generation (DG) projects up to 20 MW in size provided a unique value to California ratepayers that had yet-to-be captured through the annual Renewables Portfolio Standard (RPS) solicitations and that a procurement mechanism specific to this market segment was necessary to capture that value.[7]

Based on this determination, the Commission created RAM as a simplified market-based procurement mechanism for the three large investor-owned utilities (IOUs) to procure RPS-eligible DG projects up to 20 MW in size.[8] The

[7] D.10-12-048, Section 3 at 11.

[8] D.12-05-035, which implemented the revised Section 399.20 Feed-in Tariff, changed the minimum project size for RAM to projects greater than 3 MW. D.12-05-035 (May 24, 2012), *Decision Revising Feed-in Tariff Program, Implementing Amendments to Public Utilities Code Section 399.20 Enacted by Senate Bill 380, Senate Bill 32, and Senate Bill 2 1X and Denying Petitions for Modification of D.07-07-027 by Sustainable Conservation and Solutions for Utilities, Inc.*, Ordering Paragraph 7 at 125.

Commission adopted a total capacity authorization for the initial program of 1,000 MW, allocated among PG&E, SCE, and SDG&E via four auctions to be scheduled over two years.[9] In authorizing the initial 1,000 MW, the Commission noted that RAM procurement should be based on an informed evaluation of an IOU's need. To account for any change in needed, the Commission authorized the 1,000 MW cap to be adjusted at any time based on a methodology that aligns RAM procurement authority with the RPS procurement planning process.[10]

In August 2011, the Commission adopted Resolution E-4414, which adopted RAM program implementation details, bidding protocols, and standard power purchase agreements for each IOU. The Commission has since modified RAM via Resolution E-4489 (April 19, 2013); Resolution E-4546 (November 8, 2012); Resolution E-4582 (May 9, 2013); and Resolution E-4609 (September 19, 2013).

The fourth RAM auction closed June 28, 2013. The Commission authorized a fifth auction on May 9, 2013 in Resolution E-4582. Resolution E.4582 requires the utilities to hold this fifth auction no later than June 27, 2014.

2. Purpose of RAM

When the Commission authorized the RAM program in 2010, it was unclear whether a portion of the larger-scale RPS projects, with their significant development timelines and potential for permitting and transmission and

[9] Since the Commission authorized 1,000 MW of procurement under RAM in D.10-12-048, the Commission has increased the capacity of the program to 1,330 MW by D.12-02-002, D.12-02-035, and D.13-05-033 and also authorized a fifth RAM auction in Resolution E-4582.

[10] D.10-12-048 at 29.

interconnection delays, would fail and, as a result, jeopardize the IOUs' abilities to achieve their RPS compliance obligations.[11] Smaller renewable energy projects, with typically shorter development timelines and smaller environmental footprints, were considered to offer a unique value to the RPS program because they could contribute to near-term compliance obligations and also serve as a compliance hedge against the larger RPS projects that were in development but not yet online.[12] In this context, the Commission determined that the annual RPS procurement process was not adequate for the procurement of smaller renewable energy projects and that a program that specifically targeted these projects was necessary.[13]

Within this context, the Commission adopted the basic elements[14] of the RAM program to achieve the following:

- Elicit lowest costs for ratepayers;
- Contribute to RPS goals in the near-term; and
- Reduce transaction costs for the market, utility, and regulator.[15]

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[11] When the Commission authorized the RAM program in 2010, the RPS compliance obligation, as established in Senate Bill (SB) 107 (Simitian, 2006), was 20% by 2010. SB 2 1X (Simitian, 2011) subsequently adjusted the RPS compliance requirement to 33% by 2020, with intermediate compliance obligations of 20% from 2011-2013, and 25% from 2014-2016.

[12] D.10-12-048, Section 3 at 10-11.

[13] D.10-12-048, Section 3 at 11.

[14] A summary of the adopted RAM program elements was originally provided in Appendix A of D.10-12-048. The program elements were subsequently revised by Resolutions E-4414, E-4489, E-4546, and E-4582. The revised RAM program elements are located in Appendix A of CPUC Resolution E-4582.

3. Analysis of RAM Procurement

To assist the Commission with its reconsideration of RAM, Energy Division Staff analyzed whether the RAM achieved the program goals identified above. A summary of the results of this analysis follows:

a. Summary

Based on the first three RAM auctions (RAM 1, RAM 2, RAM 3), the IOUs executed, and the Commission approved, 51 RAM contracts representing 739 MW of capacity.

The fourth RAM auction (RAM 4) closed in June 2014 and the IOUs submitted Advice Letters seeking approval of executed contracts from that auction in November of 2013.[16] Any unsubscribed capacity remaining in the RAM program will be solicited in the fifth RAM auction (RAM 5), which is not yet scheduled but will take place no later than June 27, 2014.

The table below summarizes the capacity of the 51 Commission-approved executed contracts from the first three RAM auctions. The table below also summarizes the tentative capacity from executed RAM 4 contracts, which at the time of this analysis were awaiting Commission approval.

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[15] D.10-12-048, Section 1 at 2.

[16] At the time of this analysis, IOUs had recently submitted contracts to the Commission requesting approval. As Commission approval was pending at the time of this analysis and the results of the approval process are not definite, this report focuses on data from RAM 1- RAM 3

Table 1: Summary of RAM Procurement

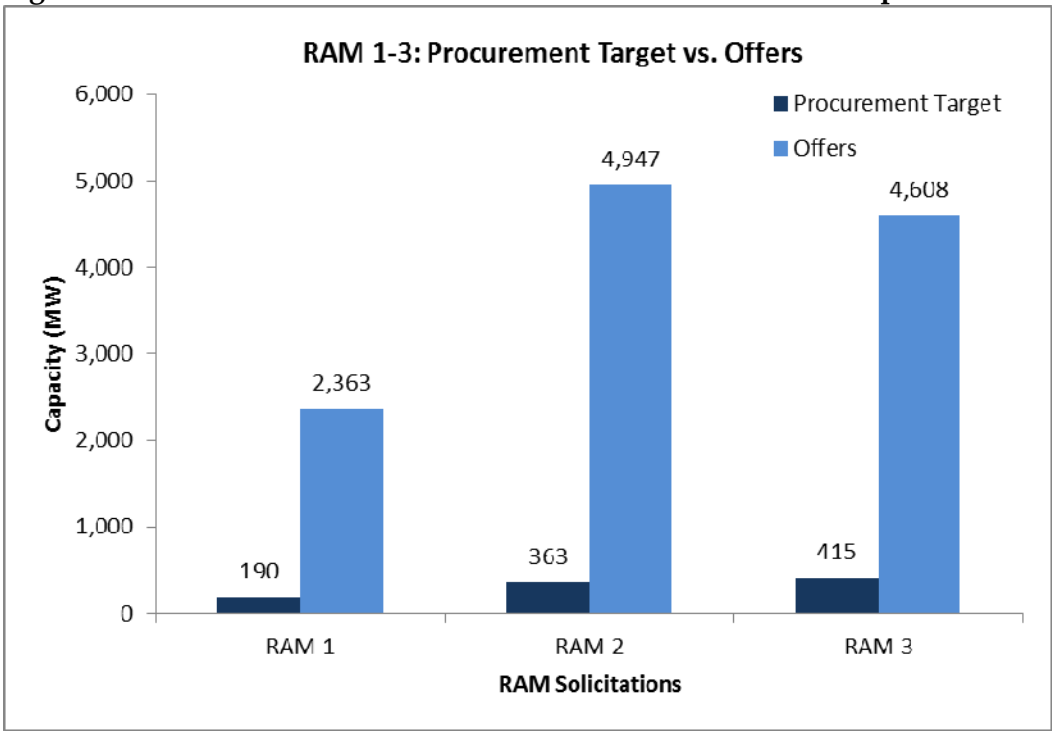
			RAM Auction Number and Date					
		Total MWs Allocated Across All Five RAM Auctions	RAM 1 (Nov 2011) (MW)	RAM 2 (May 2012) (MW)	RAM 3 (Dec 2012) (MW)	RAM 4 (June 2013) (MW)	Total RAM 1-4 (MW)	RAM 5 Target (June 2014) (MW)
PG&E	*Baseload*	**420.9**	14	8	0	0	22	TBD
	Peaking As-Available		40	94	95	28	257	
	Off-Peak As-Available		9	20	20	25.3	74.3	
	Total		**63**	**122**	**115**	**53.3**	**353.3**	
SCE	*Baseload*	**754.4**	0	0	0	0	0	TBD
	Peaking As-Available		67	97	173	103	440	
	Off-Peak As-Available		0	0	8	35.8	43.8	
	Total		**67**	**97**	**181**	**138.8**	**483.8**	
SDG&E	*Baseload*	**154.7**	0	5	0	5	10	TBD
	Peaking As-Available		15	19	27	15	76	
	Off-Peak As-Available		0	10	16	5.5	31.5	
	Total		**15**	**34**	**43**	**25.5**	**117.5**	
Total	*Baseload*	**1330**	14	13	0	5	32	TBD
	Peaking As-Available		122	210	295	146	773	
	Off-Peak As-Available		9	30	44	66.6	149.6	
	Total		**145**	**253**	**339**	**217.6**	**954.6**	

b. Response to RAM Auctions has been Robust

As noted above, the Commission determined that projects under 20 MW were unable to successfully participate in the annual RPS solicitations and that the RAM program was necessary in order to provide a targeted opportunity to these smaller renewable energy projects.[17] The robust response to the first three RAM auctions appears to demonstrate that the RAM program has stimulated the 3 – 20 MW renewable market. The capacity of offers bid into the first three RAM auctions was approximately 10 times larger than the procurement targets for each auction (see figure 1 below).

[17] D.10-12-048, Section 3 at 11.

Figure 1: RAM 1 – 3 Auctions have Received a Robust Market Response.



c. RAM Contract Pricing has been Competitive

The strong market response to the RAM auctions, combined with significant decreases in the price of some renewable resources, like solar PV, has allowed the IOUs to execute contracts for cost-effective RAM projects. In addition, the pricing of winning projects has decreased with each subsequent auction.

The weighted average price of projects executing RAM contracts has decreased from approximately $90/MWh levelized post-TOD in RAM 1, to $88.75/MWh levelized post-TOD in RAM 2, to $79.82/MWh levelized post-TOD in RAM 3. These prices have also proven to be cost competitive with the prices of projects the IOUs shortlisted in their recent annual large-scale RPS solicitations.

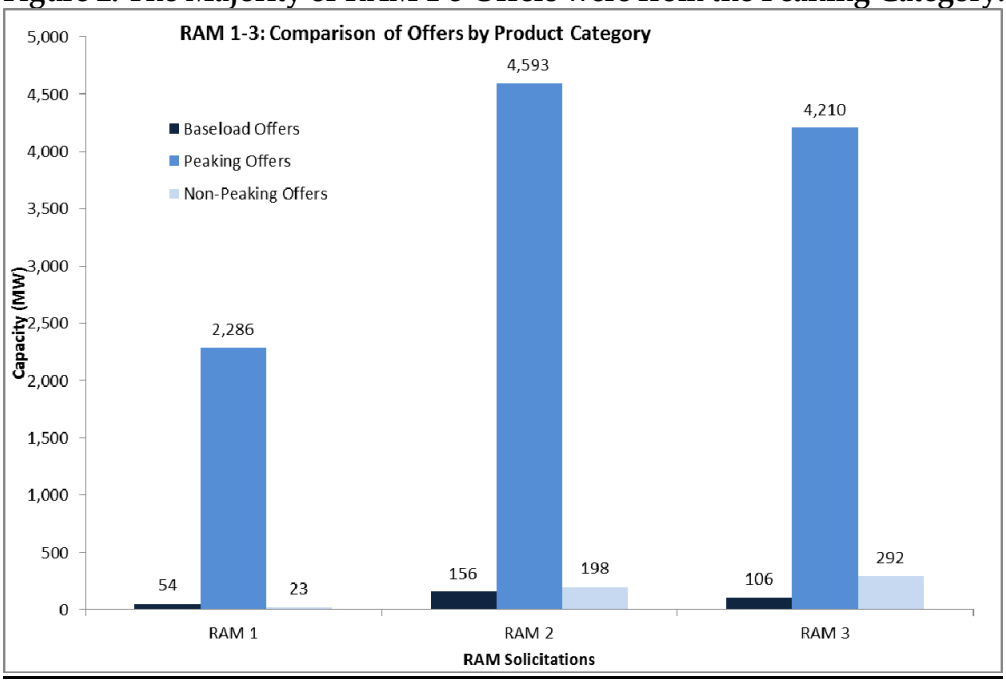
RAM 1 and RAM 2 average contract prices were approximately 10% lower than the average 2011 RPS solicitation shortlist price and the RAM 3 average contract price was approximately 10% higher than the average 2012 RPS solicitation shortlist price.

d. Majority of RAM Projects have been Solar PV

While the overall response to the RAM auctions has been robust and prices have been competitive with larger-scale projects, the participation level has varied depending upon the product category (peaking, non-peaking, and baseload).

Solar PV (peaking category) has dominated in terms of the number of offers bid and the number of contracts executed. Solar PV accounts for over 90% of offers into the first three RAM auctions and almost 80% of the executed contracts. Baseload and non-peaking category participation has been limited relative to participation from the peaking category, although non-peaking participation did increase in RAM 3 (see figure 2 below).

Figure 2: The Majority of RAM 1-3 Offers were from the Peaking Category.

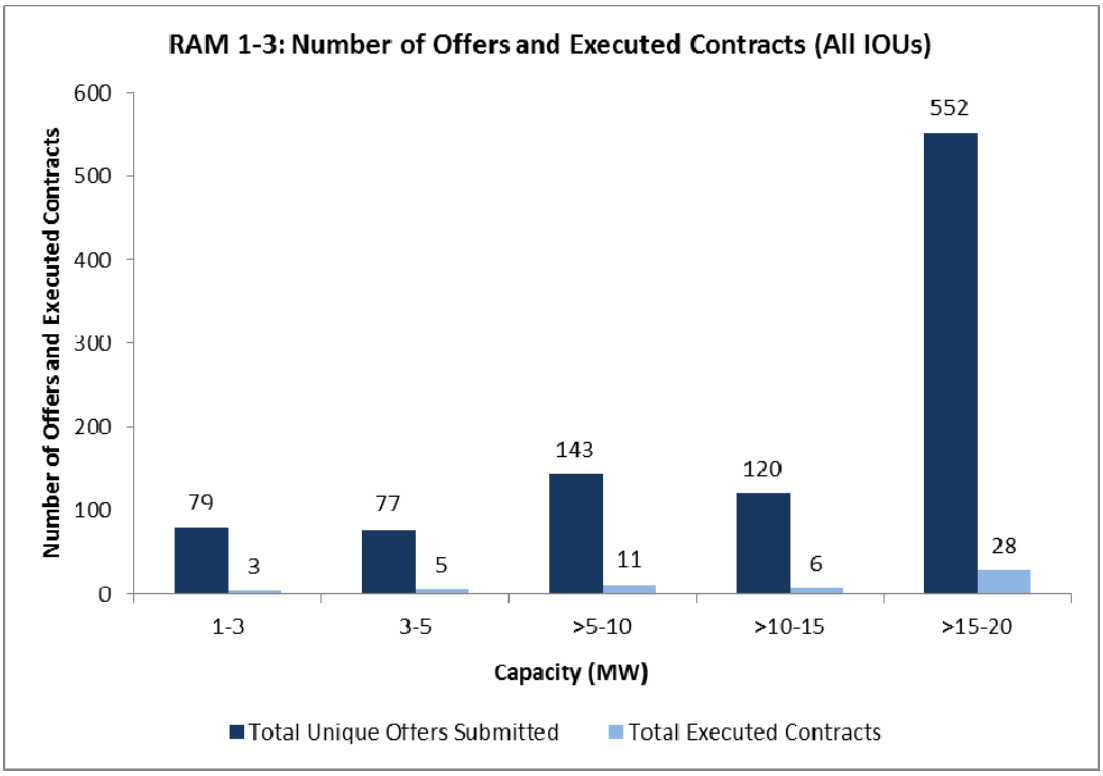


The relatively lower participation rates from the baseload and non-peaking categories does not appear to be the result of specific elements of the RAM program that preclude participation in these categories. Rather, these relatively lower participation rates appear to be a sign that the 3-20 MW baseload and non-peaking market segments are evolving at a different pace from solar PV.

e. Majority of RAM Projects have been Larger than 15 MW

The majority of projects bidding into and winning contracts from the first three RAM auctions have been larger than 15 MW, with 56% of all projects falling into this category, and with 53% of all projects winning contracts falling into this category (see figure 3 below). However, projects on the smaller end of the 3-20 MW scale were also successful in winning contracts, which demonstrates that projects across the size spectrum within RAM have been cost competitive.

Figure 3: The Majority of Executed RAM 1-3 Contracts have been for Projects Sized Larger than 15 MW.



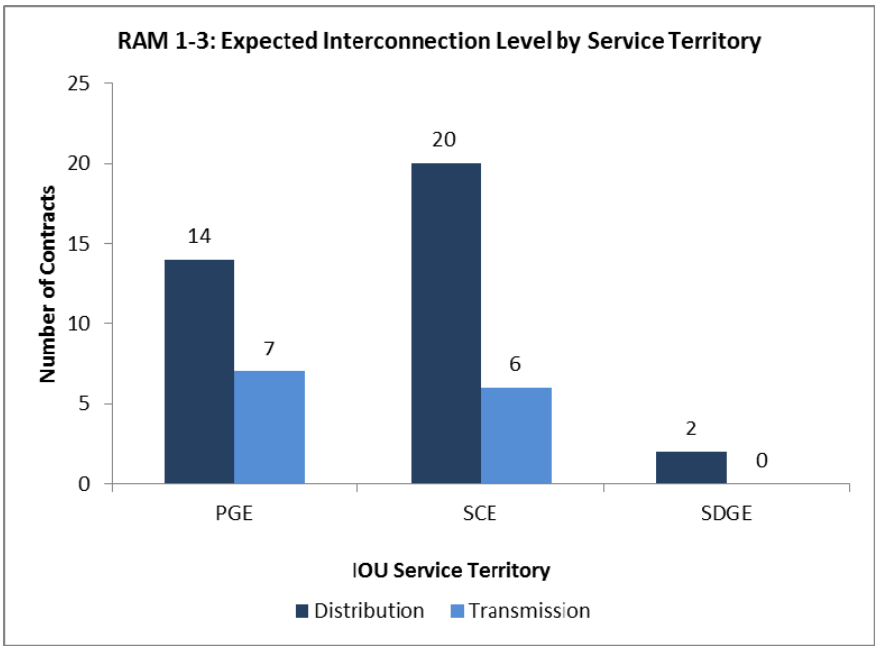
f. RAM Projects are Interconnecting at the Distribution and Transmission Levels

One of the primary goals of the RAM program was to support the development of smaller renewable energy projects that can interconnect quickly to the distribution system, thereby avoiding some of the risk associated with the time and economic investment required for larger projects that often require transmission upgrades.[18] The majority of RAM 1 – RAM 3 projects are expected to interconnect to the distribution system. One quarter of all projects, however, are expected to interconnect to the transmission system. Figure 4 below displays the service territory and interconnection-level for RAM 1- RAM 3 projects.

[18] D.10-12-048, Section 10 at 65.

Moreover, the majority of projects are expected to interconnect in SCE's service territory.

Figure 4: Majority of Executed RAM 1-3 Contracts are Expected to Interconnect to the Distribution System.



It is important to note that the voltage level thresholds that distinguish the transmission system from the distribution system vary across IOU service territories. PG&E's transmission system is composed of lines 60 kilovolts (kV) and above, and its distribution system is composed of lines below 60 kV. SCE's transmission system is composed of lines 230 kV and above, and its distribution system is composed of lines 115 kV and below. SDG&E's transmission system is composed of lines 69 kV and above, and its distribution system is composed of lines below 12.47 kV.

g. Overall Outlook for RAM 1 Viability is Good

As discussed in the previous sections, the IOUs have successfully contracted with projects from the first four RAM auctions. RAM 1 projects are expected to reach commercial operation between November 2013 and April 2014. RAM 2 and RAM 3 projects are expected to reach commercial operation in 2014 and 2015. RAM 4 projects are expected to reach commercial operation in late 2015. While it would be premature to reach a conclusion about the viability of RAM projects at this time, with RAM 2- RAM 4 online dates one to two years out, the outlook for viability of RAM 1 projects appears to be good. Four of the 13 approved RAM 1 projects are already online and delivering. Only one project has terminated.

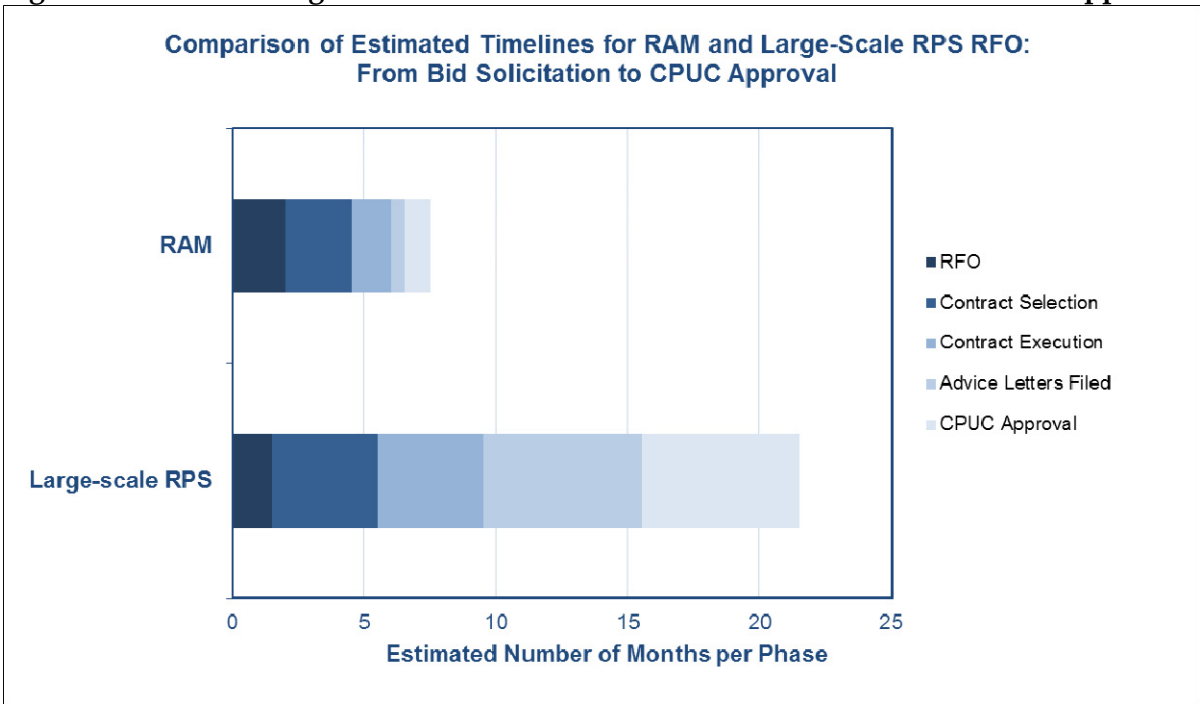
h. RAM Program Design has Resulted in Reduced Transaction Costs

A stated goal of the RAM program was to reduce transaction costs associated with the procurement of system-side DG.[19] To achieve this goal, the

[19] D.10-12-048, Section 1 at 2.

Commission adopted a streamlined procurement and approval process to help reduce transaction costs for the developer, the IOU, and the regulator. The RAM procurement process for each auction, from submission of offers to Commission approval, has been approximately three times faster than the process for the annual RPS solicitation (see figure 5 below).

Figure 5: RAM and Large-scale RPS RFO Timelines from Offer to Commission Approval.[20]



With streamlined pay-as-bid auctions, non-negotiable standard contracts, and a 30-day contract approval process at the Commission, transaction costs associated with RAM auctions are minimized relative to the large-scale annual RPS solicitation.

[20] Time estimates for approval of large-scale RFO contracts are approximate as it may take more or less time to process individual contracts depending on the availability of staff, the complexity of a contract, and other factors.

2. Conclusion

The RAM program created a robust market for renewable energy projects sized 3 - 20 MW. The competition in this market has resulted in cost-effective procurement of viable projects, while minimizing transaction costs for the developer, the utilities, and the regulator relative to the annual RPS solicitations. In addition, there has been a robust response from the solar PV market segment, with lower response from the still-evolving non-peaking and baseload market segments.

3. Questions

Energy Division Staff drafted a series of questions to help inform the Commission's review of the RAM program. The questions are separated into four sections: (1) Reauthorization (2) Program Elements (3) Eligibility and Viability (4) Contract Terms and Conditions

1) Reauthorization of RAM

The Commission in D.10-12-048 authorized the RAM procurement mechanism for the procurement of smaller renewable energy projects. Through RAM, the Commission sought to create a hedge against the potential failure of larger renewables projects to help ensure that PG&E, SCE, and SDG&E would meet their near-term RPS compliance obligations. Now, the utilities have made considerable progress in contracting to reach their RPS compliance obligations. As identified in their 2013 RPS Procurement Plans, the IOUs have procured sufficient RPS-eligible generation to meet their compliance period (CP) 1 and CP 2 obligations on a risk-adjusted basis, while maintaining a bank of surplus generation that they may apply towards future RPS compliance obligations. In addition, the IOUs are expected to meet their CP 3 obligations with relatively minimal additional procurement of renewable generation between 2013 and 2020.[21]

[21] *PG&E's 2013 Renewable Energy Procurement Plan* (Public Version), Appendix 1A: Quantitative Information, at 1 (June 28, 2013); *SCE's 2013 RPS Procurement Plan* (Public Version), Appendix C.3. Quantitative Information – SCE's Renewable Procurement Need, at 1 (June 28, 2013); and *SDG&E Draft 2013 RPS Procurement Plan* (Public Version), Appendix 2. Quantitative Information, at 3-14 (June 28, 2013).

These current RPS compliance positions suggest that there no longer remains a unique need for projects, such as those targeted under RAM, that are able to come online in the near-term, with expedited development timelines. However, RAM also represents a streamlined procurement mechanism that could be deployed to procure any variety of resources for which there is an identified need.

To assist in the Commission's consideration of the possible reauthorization of the RAM program, please respond to the following:

a. The Commission created the RAM program to meet a specific RPS program need not fulfilled through the annual RPS solicitation.
    i. Does the initial RPS program need that the RAM program sought to fulfill still exist?
    ii. Is there currently a different specific RPS program or system need (as may be identified from the long-term procurement planning process, i.e., need for renewable resources to meet local capacity requirements) that would be effectively and efficiently fulfilled through a RAM procurement mechanism rather than through the annual RPS solicitation or other procurement mechanism?
    iii. If yes to either question (1.a.i) or (1.a.ii), what type of renewable resource would be procured to fulfill the identified need? Why isn't this resource being effectively or efficiently procured through the annual RPS solicitation, or why would a RAM auction better fill the need? Please provide a justification

for the identified need, utilizing quantitative justification to the extent possible.

b. Based on the response to question (a) above, what criteria should the Commission use for reauthorization of the RAM mechanism? If the Commission decides to reauthorize RAM, explain how reauthorization should or should not align with resource planning and the annual RPS Procurement Plan process?

c. If the Commission determined that a future authorization of the RAM mechanism was needed to serve a specific goal of the RPS program, what criteria should be used to determine the frequency of auctions and overall duration of the reauthorized program?

d. A number of potential scenarios for reauthorization are provided below. Please comment on the implications of each scenario, identify a preferred scenario or an alternative scenario. Please provide a rationale for any preferred or alternative scenario identified.

    i. Reauthorization with no change in terms: The Commission authorizes an additional 1,000 MW of capacity, for an additional 2 years, with 4 auctions held over the 2 years.

    ii. Reauthorization reflects assessment of need, cost and value of procuring a specific resource: The Commission authorizes additional capacity and timelines for solicitations based on need determination and authorization through the annual RPS Procurement Plans, and RAM is dispatched for procurement via one of the three scenarios listed below:

        1. RAM held separately from annual RPS RFO; or

2. RAM is utilized as the primary procurement mechanism for all RPS-eligible procurement, unless an IOU requests a large-scale RPS RFO through its annual RPS Procurement Plan; or
3. RAM is utilized as a procurement option within the annual RPS RFO for streamlined procurement of a specific resource below a certain size.

2) RAM Program Elements

a. The RAM program originally required that projects be located in the service territory of PG&E, SCE, or SDG&E based on the reasoning that limiting eligibility to the utilities' service territories would help ensure that RAM projects efficiently utilize the existing distribution system. In December 2012, SDG&E filed Advice Letter 2437-E, seeking to modify the RAM project location requirements to allow projects located in the Imperial Irrigation District (IID) and interconnecting to the CAISO directly or via pseudo-tie to participate in the program. At the time of the issuance of these questions, the Commission has not yet taken action on SDG&E's Advice Letter.

   i. Based on the response to question (1.a) on the purpose of RAM, please comment on whether the RAM program would benefit from a modification to the locational eligibility requirement. Please comment specifically on the scenarios below:

      1. Expanded to entire CAISO control area.
      2. Expanded to all of California.

3. Expanded to the transmission network within the Western Electricity Coordinating Council service area.
4. Limited to project interconnecting to the distribution system in PG&E's, SCE's, or SDG&E's service territories only.

ii. If the eligible project location was expanded or limited, would the project ranking criteria need to be adjusted to capture additional costs/benefits specific to projects with these characteristics?

b. Based on the response to question (1.a), please comment on whether the eligible project size for the RAM program should be adjusted from the current 3-20 MW requirement.

c. One of the goals of the RAM program was to reduce the transaction costs associated with the procurement of smaller renewable projects. Since the initial authorization of the program, the Commission has authorized IOU requests to transfer portions of IOU PV program capacity allocations to the RAM program to reduce the number of programs that are targeting the same renewable market segment.[22] The following allocations of unsubscribed capacity remain in the

[22] D.10-12-048 initially authorized 1,000 MW. This capacity authorization was subsequently increased by D.12-02-002 (which authorized the transfer of 74 MW of capacity from SDG&E's PV Program to the RAM Program), D.12-02-035 (which authorized the transfer of 225 MW of capacity from SCE's PV Program to the RAM Program), and D.13-05-033 (which authorized the transfer of 31 MW of capacity from the UOG portion of SCE's PV Program to the RAM Program).

utility owned generation (UOG) and independent power producer (IPP) portions of the PG&E and SCE PV Programs:

IOU	**Remaining Unsubscribed MW**
PG&E	252
SCE	100[23]

Please comment on whether the renewable market, the utilities, regulators, and ratepayers would benefit from further consolidation of the utilities' unsubscribed PV program capacity allocations into the RAM program.

i. How does the recommendation align with the response to questions (1.a) and (1.c)?

d. D.10-12-048 required each IOU to make an upfront determination of the types of products (peaking, non-peaking, baseload) the utility intends to procure. The Commission adopted this requirement to ensure that procurement was consistent with portfolio need and to provide the market with clarity and certainty on the opportunities provided by RAM.

[23] SCE's SPVP 3 RFO launched September 7, 2013, with a capacity target of 50 MW for that solicitation. If SCE executes contracts for 50 MW as a result of that solicitation, SCE will have 50 MW remaining in its SPVP program.

i. Please comment on whether these product category distinctions and requirements should be maintained or adjusted. Please reference the response to question (1.b.):

e. RAM bid evaluation and selection is limited to the levelized post-TOD price ($/MWh) with adjustments for transmission network upgrade costs and resource adequacy benefits.
   i. Should any other resource valuation factors be included in the project ranking value? For example, should congestion costs be included in the bid ranking methodology?
   ii. If proposing additional resource valuation factors please present and explain the methodology for calculating the specific factor.
   iii. If proposing additional resource valuation factors, comment on their consistency with Least-Cost Best-Fit[24] and whether the addition of these variables would compromise the goal of having a streamlined bid submission and valuation process.
f. Aside from actual bid evaluation criteria, are there other ways the bid submission and evaluation process could be streamlined on the developer or the IOU side? For example, is there a price threshold for submitted bids above which the IOUs would not need to conduct a complete offer eligibility screening?

[24] D.04-07-029 directs the utilities to use certain criteria in their bid ranking. The decision offers guidance regarding the process by which the utility ranks bids in order to select or "shortlist" the bids with which it will commence negotiations. The basic components of LCBF evaluation and selection criteria and process for RPS contracts were established by the Commission in D.03-06-071 and D.04-07-029.

3) RAM Eligibility and Viability

a. D.12-10-048 stated that utilities should identify in their bid protocols the criteria for determining whether a developer has subdivided a project in order to circumvent the program's 20 MW eligibility requirement. This directive served to reduce the potential for seller concentration resulting from a seller winning all of the contracts in a utility's auction by subdividing a larger project. The IOUs subsequently established seller concentration limits by capping the amount of capacity a single seller could be awarded in each auction.[25]

   i. Should subdivided projects be eligible to participate in RAM? If so, should there be specific requirements on how subdivided projects may be bid?

   ii. What are the appropriate technical criteria for determining whether a project is a standalone project or a subset of a larger project?

b. The RAM program has a defined set of project viability requirements, which include: demonstration of site control, demonstration of developer experience, deployment of commercialized technology, demonstration of completion of a System Impact Study, completion of a Phase I interconnection study or having passed Fast Track screen under the Wholesale Distribution Access Tariff Small Generation Interconnection

[25] CPUC Resolution E-4414 at 22-23.

Procedure or the Fast Track screen under the CAISO Generation Interconnection Procedures, and the ability for the project to be operational within 24 months of contract approval.

i. Please comment on whether the existing RAM Program viability requirements are adequate or whether adjustment should be made (e.g., add completion of a Phase II interconnection study).

ii. If they are not, please provide recommendations on adjustments to the criteria and a rationale for each proposed adjustment.

4) RAM Contract Terms and Conditions

a. Are the terms and conditions of the IOUs' standard RAM contracts adequate for the RAM Program as currently implemented?

i. Please provide redlines to the standard contracts as well as a matrix proposal of changes to the standard contracts, identifying the current term, the proposed term and the rationale for the proposed change.

b. Can the terms and conditions be modified to better support the Commission's safety objectives?

c. Is there a way to streamline the standard contract adjustment process?

d. Is there a subset of terms and conditions that the Commission should allow IOUs to modify without prior commission approval?

(End of Attachment A)