

**DRAFT**

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

**ENERGY DIVISION**

**AGENDA ID # 13699  
RESOLUTION E-4704  
March 12, 2015**

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

Resolution E-4704. Southern California Edison Company (SCE) requests Commission approval of three renewable power purchase agreements with Silver Ridge Power, 8minutenergy, and Copper Mountain Solar.

**PROPOSED OUTCOME**

- This resolution approves cost recovery for the long-term renewable energy power purchase agreements between SCE and Silver Ridge Power and 8minutenergy Renewables, LLC for the Mount Signal Solar Farm II and Mount Signal Solar Farm V projects; and Copper Mountain Solar 4, LLC for the Copper Mountain project. The Mount Signal Solar Farm II and Mount Signal Solar Farm V facilities are located in Imperial County, California. The Copper Mountain facility is located in Nevada and developed by Sempra U.S. Gas & Power, a wholly-owned subsidiary of Sempra Energy. The power purchase agreements are approved without modification.

**SAFETY CONSIDERATIONS:**

- The power purchase agreements require the sellers of the generation to comply with all applicable safety requirements relating to the project, including environmental laws.

**ESTIMATED COST:**

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

By Advice Letters 3121-E filed on October 24, 2014 and 3124-E filed on October 29, 2014.

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## **SUMMARY**

**Southern California Edison Company's (SCE) renewable energy power purchase agreements (PPAs) with Silver Ridge Power (SRP) and 8minutenergy Renewables, LLC (8me) for the Mount Signal Solar Farm II and the Mount Signal Solar Farm V projects (Mount Signal II and V); and Copper Mountain Solar 4, LLC for the Copper Mountain project (Copper Mountain) comply with the Renewables Portfolio Standard (RPS) procurement guidelines and are approved without modification.**

SCE filed Advice Letter (AL) 3121-E on October 24 2014, requesting California Public Utilities Commission (Commission) review and approval of two 20-year renewable energy PPAs with Silver Ridge Power and 8me (Mount Signal AL). SCE also filed AL 3124-E on October 29, 2014, requesting Commission review and approval of another 20-year renewable energy PPA with Copper Mountain (Copper Mountain AL).

All three projects resulted from SCE's 2013 RPS solicitation (2013 RPS RFO<sup>1</sup>) and all three PPAs were executed in July 2014. Pursuant to the PPAs, RPS-eligible generation will be purchased from the proposed Mount Signal II and V and Copper Mountain solar facilities.

The Mount Signal II and V Projects are located in southern Imperial County, approximately two miles west of the City of Calexico, California (CA) and will have a capacity of approximately 154 megawatts (MW) and 252 MW respectively. Copper Mountain is located in Boulder City, Nevada (NV) and will have a capacity of 94 MW.

This Resolution approves the Mount Signal II and V and Copper Mountain PPAs. SCE's execution of the PPAs is consistent with SCE's 2013 RPS Procurement Plan (2013 RPS Plan), which the Commission approved in Decision (D.) 13-11-024. In addition, RPS deliveries pursuant to the Mount Signal II and V and Copper Mountain PPAs are reasonably priced and the related costs to SCE are fully recoverable in rates over the life of the PPAs, subject to Commission review of SCE's administration of the PPAs.

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<sup>1</sup> Request for Offers.

Table 1 provides a summary of the PPAs.

**Table 1: Summary of Mount Signal II and V and Copper Mountain PPAs**

Seller	Generation Type	Size (MW)	Estimated Average Energy (GWh/Yr.)	Forecasted Commercial Operation Date	Term of Agreement (Years)	Location
Mount Signal II	Solar Tracking photovoltaic ("PV")	154	402	June 1, 2020	20	Calexico, Imperial Co., CA
Mount Signal V	Solar Tracking PV	252	660	February 1, 2019	20	Calexico, Imperial Co., CA
Copper Mountain	Solar Tracking PV	94	256	January 1, 2020	20	Boulder City, NV

**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).<sup>2</sup> The RPS program is codified in Public Utilities Code Sections 399.11-399.31.<sup>3</sup>

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 be 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.<sup>4</sup>

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<sup>2</sup> 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).

<sup>3</sup> All further statutory references are to the Public Utilities Code unless otherwise specified.

<sup>4</sup> 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

*Footnote continued on next page*

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 Mount Signal and Copper Mountain ALs were made by publication in the Commission's Daily Calendar on October 31, 2014 and November 3, 2014 respectively. SCE states that a copy of the Advice Letter was mailed and distributed to the R.11-05-005 service list and GO 96-B service lists in accordance with Section 4 of General Order 96-B.

## **PROTESTS**

SCE's Mount Signal and Copper Mountain ALs were timely protested by the Imperial Irrigation District (IID) on November 17, 2014 via protest to AL 3119-E.<sup>5</sup> Specifically, IID recommends that ALs 3121-E and 3124-E be rejected without prejudice so that the PPAs may be considered in a formal proceeding.

SCE responded to IID's protest on November 24, 2014. SCE recommends rejection of the IID protest asserting that the PPAs are reasonable from a selection, cost, and risk perspective; and a formal proceeding is not required to consider the Mount Signal II and V and Copper Mountain PPAs.

## **DISCUSSION**

**SCE requests approval of three renewable energy power purchase agreements two with Silver Ridge Power and 8minutenergy Renewables, LLC (8me) for the Mount Signal II and V projects and one with Copper Mountain Solar 4, LLC for the Copper Mountain project.**

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2017-2020). Note it is 33% of a Load Serving Entity's annual retail sales for 2020 and each year thereafter.

<sup>5</sup> By its protest to AL 3119-E (the Panoche AL pending Commission Resolution 4707-E), IID also protests other six SCE's ALs (3120-E, 3121-E, 3122-E, 3124-E, 3125-E, and 3126-E) requesting Commission approval of the solar PPAs executed through SCE's 2013 RPS RFO.

On October 24, 2014, SCE filed the Mount Signal AL requesting Commission approval of two RPS eligible PPAs. The proposed Mount Signal II (154 MW) and V (252 MW) solar photovoltaic (PV) projects are located in southern Imperial County near the City of Calexico, California and are jointly developed by Silver Ridge Power and 8me. On October 29, 2014, SCE filed the Copper Mountain AL requesting Commission approval of a RPS eligible PPA with Copper Mountain. The proposed 94 MW solar PV project is located in Boulder City, Nevada and is developed by Sempra U.S. Gas and Power.

Pursuant to the PPAs, SCE is to begin purchasing generation from Mount Signal II and V on June 1, 2019 and February 1, 2020, respectively; and Copper Mountain on January 1, 2020. See Table 1 for the forecasted Commercial Operation Dates and the estimated average annual generation. The generation from all three projects could count towards SCE's RPS requirements in Compliance Period 2017-2020.

**SCE requests that the Commission issue final resolutions that:**

1. Approve the Mount Signal II and V and Copper Mountains PPAs (PPAs) in their entirety;
2. Find that the PPAs are consistent with SCE's 2013 RPS Procurement Plan;
3. Find that the PPAs are compliant with the Emissions Performance Standard;
4. Find that any procurement pursuant to the PPAs are 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 (399.11 et seq.), D. 03-06-071, or other applicable law; and,
5. Find that the PPAs, and SCE's entry into them, are reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the PPAs, subject only to further review with respect to the reasonableness of SCE's administration of the PPAs.

**Energy Division Evaluated the PPAs based on the following criteria:**

- Consistency with SCE's 2013 RPS Procurement Plan and RPS Procurement Need;
- Consistency with SCE's Least-Cost, Best-Fit methodology (LCBF);
- Net Market Value and Cost Reasonableness;

- Consistency with RPS Standard Terms and Conditions;
- Consistency with Portfolio Content Categories Requirements;
- Consistency with the Long-Term Contracting Requirement;
- Independent Evaluator review;
- Procurement Review Group participation;
- Compliance with the Interim Greenhouse Gas Emissions Performance Standard; and,
- PPA Viability Assessment and Project Development Status

### **Consistency with SCE's 2013 RPS Procurement Plan**

In SCE's 2013 RPS Procurement Plan (2013 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.<sup>6</sup> 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 Compliance Period 2017-2020.

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

Based on SCE's RPS portfolio needs described in its 2013 RPS Plan, the Mount Signal II and V and Copper Mountain PPAs are consistent with SCE's 2013 RPS Plan. The PPAs are for generation from a proposed renewable energy<sup>7</sup> with deliveries

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<sup>6</sup> Section 399.13(a)(5).

<sup>7</sup> Assuming the Tribal Project receives California Energy Commission certification as an eligible renewable resource.

beginning in 2019 and 2020 and continuing for 20 years. See Confidential Appendix A for details on SCE's forecasted RPS procurement needs.

The Mount Signal II and V and Copper Mountain PPAs are consistent with SCE's 2013 RPS Procurement Plan approved by D.13-11-024.

### **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.<sup>8</sup> 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 2013 RPS Plan,<sup>9</sup> 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,<sup>10</sup> which is the net of a project's levelized costs and benefits.<sup>11</sup> Project costs include contract payments; transmission, congestion, and debt equivalence mitigation 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.

In addition to the quantitative ranking of bids, SCE evaluates the qualitative attributes of the top proposals with a competitive net market value. 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.

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<sup>8</sup> Section 399.13(a)(4)(A).

<sup>9</sup> Public Appendix 1.1 at 2, 3, & 11.

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

<sup>11</sup> Present value expressed in terms of dollars for megawatt-hour (\$/MWh).

In the Mount Signal and Copper Mountain ALs, the advice letters considered herein, SCE explains that the PPAs are the result of SCE's 2013 RPS solicitation and that it evaluated and shortlisted the PPA bids consistent with its 2013 LCBF methodology.<sup>12</sup>

See the "Net Market Value and Cost Reasonableness" section of this resolution for a discussion of how the PPAs compare to other offers from SCE's 2013 RPS solicitation and comparable RPS contracts executed by SCE in the 12 months prior to PPA executions.

The PPAs were evaluated consistent with the LCBF methodology described in SCE's 2013 RPS Procurement Plan.

### **Net Market Value and Cost Reasonableness**

The Commission's reasonableness review for RPS PPAs includes a comparison of the proposed PPAs' net market value and price relative to other RPS offers received in recent RPS solicitations and comparable contracts executed by the utility in the 12 months prior to the proposed PPAs' execution date. Using this methodology and the confidential quantitative analysis provided by SCE in the Mount Signal and Copper Mountain ALs, the Commission determines that the net market value of the PPAs are competitive to other RPS offers received by SCE and that the costs of the PPAs are reasonable. See Confidential Appendix A for the details of the analysis.

All three PPAs compare reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2013 RPS solicitation and comparable contracts executed by SCE in the 12 months prior to the execution of the PPAs.

Payments made by SCE under all three PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission reasonableness review of SCE's administration of the PPAs 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,

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<sup>12</sup> SCE's 2013 RPS solicitation protocols, including its LCBF methodology, as described above, was approved by the Commission in D.13-11-024.

the Commission further refined some of the STCs in D.10-03-021, as modified by D.11-01-025, and D.13-11-024.

All three PPAs include 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 and D.13-11-024.

### **Consistency with Portfolio Content Categories Requirements**

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program and requires the investor-owned utilities to provide information to the Director of Energy Division 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 ensure the PPA’s RPS eligibility and 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.

In the Mount Signal and Copper Mountain ALs, SCE states that under the Mount Signal PPAs it “will procure energy (and associated renewable energy attributes via Western Renewable Energy Generation Information System (WREGIS) certificates) from the California-based eligible renewable resources with a first point of interconnection within the CAISO.”<sup>13</sup> Under the Copper Mountain PPA, “SCE will procure energy, capacity, and associated renewable energy attributes generated from a ERR [Eligible Renewable Energy Resource] with a first point of interconnection within the CAISO.”<sup>14</sup> In addition, the renewable energy credits (RECs) associated with the electricity from the Mount Signal II and V and Copper Mountain have not been unbundled or transferred to another owner and will be transferred to SCE pursuant to the terms of the PPAs.

Consistent with D.11-12-052, SCE provided information in the Mount Signal and Copper Mountain ALs regarding the expected portfolio content category classification of the renewable energy credits procured pursuant to the PPAs.

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<sup>13</sup> Mount Signal AL at 12.

<sup>14</sup> Copper Mountain AL at 12.

In this resolution, the Commission makes no determination regarding the PPAs' 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 Mount Signal II and V and Copper Mountain PPAs and all applicable supporting documentation to demonstrate portfolio content category classification in the appropriate compliance showings 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.<sup>15</sup> 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).<sup>16</sup>

All three PPAs are for a 20-year term and were executed during Compliance Period 2014-2016.

Because the Mount Signal II and V and Copper Mountain PPAs are greater than 10 years in length, the long-term contracting requirement does not apply to SCE's procurement pursuant to the Mount Signal II and V and Copper Mountain PPAs. The PPAs will contribute to SCE's long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.

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<sup>15</sup> 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).

<sup>16</sup> 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; 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.

### **Independent Evaluator Review**

SCE retained Merrimack Energy Group, Inc. as the independent evaluator (“IE”) to oversee its 2013 RPS solicitation. In addition, Merrimack oversaw the negotiations with Silver Ridge Power, 8me and Copper Mountain and evaluated the overall merits of the Mount Signal II and V and Copper Mountain PPAs. The Mount Signal and Copper Mountain ALs included a public and confidential version of the IE’s report.

The IE states in its report that all three PPAs were reasonably negotiated with contract terms that taken as a whole appropriately protect the interests of SCE’s ratepayers. The IE also concludes that the projects are very mature in terms of project development. Overall, the IE states that it agrees with SCE that all three PPAs merit Commission approval. Confidential Appendix B includes excerpts from the IE Reports on the Mount Signal II and V and Copper Mountain PPAs.

Consistent with D.06-05-039, an independent evaluator oversaw SCE’s 2013 RPS solicitation and negotiations with Silver Ridge Power, 8me, and Copper Mountain for the Mount Signal II and V and Copper Mountain PPAs.

### **Procurement Review Group Participation**

The Commission established the PRG in D.02-08-071. The PRG reviews and assesses the details of the utilities’ 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 2013 RPS solicitation informing the participants of the initial bid results and the short list of bids. SCE also briefed the PRG participants on the proposed execution of the Mount Signal II and V and Copper Mountain PPAs at the July 16, 2014, PRG meeting.

SCE’s PRG participants included representatives from Energy Division (ED), the Office of Ratepayer Advocates (ORA), Department of Water Resources, Union of Concerned Scientists, The Utility Reform Network (TURN), and the California Utility Employees (CUE). Representatives from ED, ORA, TURN, CUE, and IE attended the July 16, 2014, PRG meeting.

Pursuant to D.02-08-071, SCE’s Procurement Review Group participated in the review of the Mount Signal II and V and Copper Mountain PPAs.

### **Compliance with the Interim Greenhouse Gas Emissions Performance Standard**

**(EPS)**

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.<sup>17</sup>

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.<sup>18</sup>

The Mount Signal II and V and Copper Mountain PPAs are not covered procurement subject to the EPS because the generating facilities have 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.

**PPA Viability and Project Development Status**

Developer Experience:

The Mount Signal II and V facilities are developed by Silver Ridge Power and 8me. Silver Ridge Power is experienced in developing, financing, constructing, and operating large scale PV projects. 8me is an experienced developer in California focusing on land acquisition and interconnection for solar projects. The joint team recently completed development of the 200 MW Mount Signal Solar Farm I project that began generating in May 2014.<sup>19</sup> The Copper Mountain facility is developed by Sempra U.S. Gas & Power, a wholly-owned subsidiary of Sempra Energy. Sempra U.S. Gas & Power has successfully developed a number of power plants throughout the United States.<sup>20</sup>

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<sup>17</sup> “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).

<sup>18</sup> D.07-01-039, Attachment 7, p. 4.

<sup>19</sup> Mount Signal AL at 15.

<sup>20</sup> Mount Signal AL at 15.

Technology and Quality of Resource:

All three projects will use solar PV panels that have been technically proven on utility-scale generation projects.<sup>21</sup> Additionally, given the projects' location and associated resource quality, SCE believes that Mount Signal II and V and Copper Mountain will be able to meet the terms of the PPAs.

Site Control and Permitting Status:

The Mount Signal II and V projects are both located in the City of Calexico, California. The Copper Mountain project is located in Boulder City, Nevada. Additional information regarding site control and permitting status is included in Confidential Appendix A.

Interconnection Status:

The Mount Signal II and V solar facilities will interconnect at San Diego Gas and Electric's (SDG&E) Imperial Valley substation.<sup>22</sup> The Copper Mountain solar facility will interconnect at Merchant Substation, which is jointly owned by SDG&E and NV Energy Company.<sup>23</sup> Additional information regarding transmission interconnection is provided in Confidential Appendix A.

Based on the terms and conditions of the PPAs and the level of project development, it is reasonable to expect that all three projects will meet the terms and conditions of their respective PPAs.

**Safety Considerations**

California PU Code §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.

The Mount Signal II and V and Copper Mountain PPAs require the sellers of the generation to comply with all applicable requirements of law relating to the projects

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<sup>21</sup> Mount Signal AL and Copper Mountain AL at 15.

<sup>22</sup> Mount Signal AL at 2.

<sup>23</sup> Copper Mountain AL at 2.

including those related to planning, construction, ownership, decommissioning and/or operation of the projects, including environmental laws. Based on the information before us, these contracts do not appear to result in any adverse safety impacts on the facilities or operations of SCE.

### **IID Protest to the Mount Signal and Copper Mountain ALs are denied**

IID recommends in its protest that the Mount Signal and Copper Mountain ALs, along with SCE ALs 3119-E, 3120-E, 3125-E, and 3126-E, should be denied without prejudice because a formal Commission proceeding is necessary to review SCE's requests. First, IID asserts that bids for IID-interconnected projects offered to SCE in its 2013 RPS solicitation were unreasonably evaluated because IID-related transmission network upgrade costs were considered and resulted in the double-counting of costs, to the disadvantage of IID-interconnected projects. IID also argues that the inclusion of the IID transmission network upgrade costs is not consistent with previous Commission decisions related to LCBF and the Sunrise transmission powerlink.<sup>24</sup> Lastly, IID asserts that the cumulative MW that SCE is seeking through the above mentioned seven advice letters is unprecedented and merits examination in a formal proceeding.

In reply comments, SCE asserts that IID's protest is without merit and that SCE's 2013 RPS solicitation was fair and reasonable. Specifically, SCE argues that considering transmission costs for IID-interconnected projects as a qualitative factor is not a double counting of costs because both CAISO and IID-interconnected generators are reimbursed for transmission network upgrade costs. Further, SCE argues that its consideration of transmission costs for IID-interconnected projects ensures equal treatment of IID and CAISO-interconnected projects. Lastly, SCE asserts that its request for approval of eight RPS PPAs in seven ALs is not unprecedented because the utilities have been allowed to seek approval of RPS contracts through Tier 3 advice letters since the beginning of the RPS program.

Consideration and review of the Mount Signal and Copper Mountain ALs via the Commission's advice letter process is reasonable and a formal proceeding is not necessary for several reasons.

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<sup>24</sup> Specifically, IID references D.03-06-071, D.04-07-029, and D.12-11-016.

First, the Commission agrees with SCE that its inclusion of transmission upgrade costs in its LCBF evaluation of IID-interconnected projects does not result in the double-counting of transmission costs. For both CAISO and IID-interconnected projects the generator initially funds the transmission network upgrade costs, which are later reimbursed to the generator.<sup>25</sup> While the reimbursement mechanism is different for the CAISO and IID-interconnected projects, in both instances it is ratepayers that ultimately fund the transmission costs. Thus, as with CAISO-interconnected projects, it is reasonable to treat transmission costs as separate costs for IID-interconnected projects when evaluating offers.

Second, SCE's 2013 RPS solicitation protocol, including its LCBF evaluation methodology and its shortlist, was approved by the Commission.<sup>26</sup> Also, in this Resolution the Mount Signal and Copper Mountain PPAs are found to be consistent with SCE's 2013 RPS Procurement Plan. Thus, there is no reason for evidentiary hearings or the filing of an application to further review SCE's LCBF evaluation methodology or the reasonableness of its 2013 RPS shortlist.

Third, SCE's request for review and approval of an RPS contract via an advice letter is consistent with the RPS procurement approval process adopted in D.02-08-071 and D.03-06-071. Accordingly, SCE's requests for approval of the Mount Signal and Copper Mountain ALs through advice letters are not unprecedented nor requires a formal hearing.

Therefore, for the reasons described above, IID's protest recommending the Mount Signal and Copper Mountain ALs be rejected without prejudice is denied.

### **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

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<sup>25</sup> For CAISO-interconnected projects, transmission network upgrade costs are reimbursed to the generator over a five year period beginning on the commercial operation date (CAISO Fifth Replacement Electronic Tariff, Appendix Y). For IID-interconnected projects, transmission network upgrade costs are reimbursed to the generator via transmission rate credits (Imperial Irrigation District Open Access Transmission Tariff, Attachment J).

<sup>26</sup> SCE's protocol was approved as part of SCE's 2013 RPS Plan in D.13-11-024. SCE's 2013 RPS shortlist was submitted in AL 3029-E and is effective as of July 8, 2014.

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.<sup>27</sup>

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.”<sup>28</sup>

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 Mount Signal II and V and Copper Mountain projects as “eligible renewable energy resources.” The contract language that the Mount Signal II and V and Copper Mountain projects are 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 PPAs 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.

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<sup>27</sup> See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

<sup>28</sup> See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

### **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 Mount Signal and Copper Mountain ALs, should 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 this draft resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

### **FINDINGS AND CONCLUSIONS**

1. The Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain Solar 4, LLC power purchase agreements are consistent with Southern California Edison Company's (SCE) 2013 Renewables Portfolio Standard (RPS) Procurement Plan, as approved by D.13-11-024.
2. The Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements were evaluated consistent with the Least-Cost, Best-Fit methodology described in SCE's 2013 RPS Procurement Plan.
3. The Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements compare reasonably from a net market value and cost basis relative to RPS offers received in SCE's 2013 RPS solicitation and contracts executed in the last 12 months.

4. The Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements include 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, and D.13-11-024.
5. Consistent with D.11-12-052, SCE provided information in Advice Letters (ALs) 3121-E and 3124-E regarding the expected portfolio content category classification of the renewable energy credits to be procured pursuant to the Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements.
6. Because the Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements are greater than 10 years in length, the long-term contracting requirement does not apply to SCE’s procurement pursuant to the Mount Signal II and V and Copper Mountain power purchase agreements. The Mount Signal II and V and Copper Mountain power purchase agreements will contribute to SCE’s long-term contracting requirement established in D.12-06-038 for Compliance Period 2014-2016.
7. Pursuant to D.06-05-039, an independent evaluator oversaw SCE’s 2013 Renewables Portfolio Standard procurement solicitation and SCE’s negotiations for the Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements.
8. Pursuant to D.02-08-071, SCE’s Procurement Review Group participated in the review of the Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements.
9. The Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements are not covered procurement subject to the Emissions Performance Standard because the generating facilities have 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.
10. The Mount Signal Solar Farm II and Mount Signal Solar Farm V facilities are located in Imperial County, California developed by Silver Ridge Power and 8minutenergy Renewables, LLC. The Copper Mountain facility is developed by Sempra U.S. Gas & Power, a wholly-owned subsidiary of Sempra Energy.
11. It is reasonable to expect that Mount Signal Solar Farm II and Solar Farm V and Copper Mountain Projects will be able to meet the terms and conditions in their respective power purchase agreements.

12. Imperial Irrigation District's protest recommending SCE Advice Letters 3121-E and 3124-E be rejected without prejudice is denied.
13. Procurement pursuant to the Mount Signal Solar Farm II, Mount Signal Solar Farm V and Copper Mountain power purchase agreements must be procurement from an eligible renewable energy resource certified by the CEC 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.), D.03-06-071 and D.06-10-050, or other applicable law on or before the first delivery of energy.
14. Payments made by SCE pursuant to the Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain power purchase agreements are fully recoverable in rates over the life of the power purchase agreements, subject to Commission review of SCE's administration of the power purchase agreements and any other applicable Commission review.
15. The confidential appendices, marked "[REDACTED]" in the public copy of this Resolution, as well as the confidential portions of Advice Letters 3121-E and 3124-E, should remain confidential at this time.
16. Advice Letters 3121-E and 3124-E should be approved effective today.

**THEREFORE IT IS ORDERED THAT:**

1. The request of the Southern California Edison Company for review and approval of the power purchase agreements with Silver Ridge Power, 8minutenergy Renewables, LLC, and Copper Mountain Solar 4, LLC for the respective Mount Signal Solar Farm II and Mount Signal Solar Farm V and Copper Mountain Solar Projects as requested in Advice Letters 3121-E and 3124-E are 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 March 12, 2015; the following Commissioners voting favorably thereon:

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Timothy Sullivan  
Executive Director

## **Confidential Appendix A**

Evaluation Summary of the Mount Signal Solar Farm II and  
Mount Signal Solar Farm V and Copper Mountain Power  
Purchase Agreements (PPAs)

[REDACTED]

## **Confidential Appendix B**

Excerpt from the Independent Evaluator Report on the Mount Signal Solar Farm II and Mount Signal Solar Farm V<sup>29</sup>

[REDACTED]

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<sup>29</sup> Excerpts from: Reports of the Independent Evaluator Final Selection Process and Review of Power Purchase Agreements with 88FT 8me LLC; 93LF 8me LLC; and Copper Mountain Solar 4, LLC, prepared by Merrimack Energy Group, Inc. in October 2014, as submitted with the Mount Signal AL.

## **Confidential Appendix C**

Excerpt from the Independent Evaluator Report on the  
Copper Mountain PPAs<sup>30</sup>

[REDACTED]

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<sup>30</sup> Excerpts from: Reports of the Independent Evaluator Final Selection Process and Review of Power Purchase Agreements with Copper Mountain Solar 4, LLC, prepared by Merrimack Energy Group, Inc. in October 2014, as submitted with the Copper Mountain AL.