

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

ENERGY DIVISION

Agenda ID# 20624  
RESOLUTION E-5209  
June 23, 2022

**R E S O L U T I O N**

Resolution E-5209. Adoption of 2022 updated administratively set fixed avoided-cost rates for the Renewable Market Adjusting Tariff (ReMAT) Program pursuant to Commission Decision 20-10-005.

PROPOSED OUTCOME:

- Adopts updated fixed-prices by Product Category to the feed-in-tariff program known as ReMAT.
- Directs Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to amend their ReMAT tariffs to reflect updated fixed-prices by Product Category.

SAFETY CONSIDERATIONS:

- ReMAT standard contracts contain Commission approved safety provisions. There are not any expected incremental safety implications associated with approval of this Resolution.

ESTIMATED COST:

- This Resolution is expected to result in additional energy procurement contracts which will lead to increased ratepayer costs. Actual costs are unknown at this time.

By Energy Division's Own Motion.

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**SUMMARY**

This Resolution adopts updated contract prices by Product Category for the feed-in-tariff program, known as ReMAT, using price data from RPS contracts executed between 2015 and 2021. In addition, it orders Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego

Gas & Electric Company (SDG&E) to amend their Renewable Market Adjusting Tariff (ReMAT) program tariff to reflect the adopted fixed-prices by Product Category paid to the seller.

## **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, SB 2 (1X), SB 350, and SB 100.<sup>1</sup> Under SB 100, the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources is an amount that equals 60% by 2030 and requires all the state's electricity to come from carbon-free resources by 2045.

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <https://www.cpuc.ca.gov/rps/> and <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/rps/rps-program-overview/rps-decisions-and-proceedings>.

### **Overview of the Renewable Market Adjusting Tariff (ReMAT) Program**

The ReMAT program is a feed-in tariff program for small renewable energy generators less than 3 MW in size and was established by AB 1969<sup>2</sup> and amended by SB 380,<sup>3</sup> SB 32,<sup>4</sup> and SB 2 (1X). The program, as defined in Public Utilities Code § 399.20, commenced in 2008 offering a fixed-price standard contract to eligible renewable resources to export electricity to California's three large investor owned utilities (IOUs).<sup>5</sup> Electricity generated as part of the ReMAT program counts towards the

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<sup>1</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); SB 350 (de León, Chapter 547, Statutes of 2015); SB 100 (de León, Chapter 312, Statutes of 2018).

<sup>2</sup> AB 1969 (Yee, Chapter 731, Statutes 2006).

<sup>3</sup> SB 380 (Kehoe, Chapter 544, Statutes 2008).

<sup>4</sup> SB 32 (McLeod, Chapter 328, Statutes of 2009).

<sup>5</sup> All further statutory references are to the Public Utilities Code unless otherwise specified.

utilities' RPS targets.<sup>6</sup> The ReMAT program must be consistent with Public Utility Regulatory Policies Act of 1978 (PURPA) and requires that Federal Energy Regulatory Commission (FERC) jurisdictional generators participating in the program register with FERC as Qualifying Facilities (QFs).<sup>7,8</sup>

### **Overview of Public Utility Regulatory Policies Act of 1978 (PURPA)**

The Federal Power Act grants exclusive jurisdiction to FERC to regulate wholesale sales of electricity in interstate commerce. The exception to FERC's authority over wholesale electricity rates is established by PURPA which authorizes state public utilities commissions to set or approve wholesale prices for purchases from QFs at utilities' avoided cost in accordance with PURPA.<sup>9</sup>

### **ReMAT Program Status**

Section 399.20 requires the Commission to establish a pricing methodology that determines the market price of electricity. Decision (D.) 20-10-005 directed the Energy Division to issue an annual draft Resolution beginning May 2021 to update the administratively set fixed avoided-cost market price for each ReMAT Product Category using the most recently-executed RPS contract price data.

D.21-12-032, issued December 17, 2021, directed San Diego Gas & Electric Company (SDG&E) to reopen its ReMAT program.<sup>10</sup> Additionally, it required the IOUs to modify aspects of their ReMAT programs, including permitting program eligibility for eligible

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<sup>6</sup> Additional background information about the ReMAT program, including links to relevant laws and Commission decisions, is available at <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-power-procurement/rps/rps-procurement-programs/rps-renewable-fit-program>.

<sup>7</sup> Qualifying Facilities are small renewable resources, such as solar and wind energy, or alternative technologies that are defined under PURPA. See: <https://www.ferc.gov/industries/electric/gen-info/qual-fac.asp>.

<sup>8</sup> See D.13-05-034 clarifying that participation in the ReMAT program is only available to sellers that are QFs.

<sup>9</sup> 16 U.S.C. § 824a-3(f), *CPUC*, 133 FERC 61,059 at P 5 (2010) (affirming *Cal. Pub. Utils. Comm'n*, 132 FERC ¶ 61,047 at PP 65, 67 (2010) that "state commission may, pursuant to PURPA, determine avoided cost rates for qualifying facilities (QF)").

<sup>10</sup> SDG&E's ReMAT program closed in 2016, pursuant to D.13-05-034, which authorized the IOUs to close their ReMAT programs 24 months after one of the three Product Categories' capacity reached a de minimis threshold.

resources enhanced with storage, establishing capacity reallocation rules once a product category reaches a de minimis threshold, and authorizing an IOU to close its ReMAT program when it reaches a de minimis threshold for its total capacity allocation.

## **DISCUSSION**

This Resolution adopts Energy Division's 2022 annual update to administratively set fixed avoided-cost rates for each ReMAT Product Category pursuant to D.20-10-005. As a result, PG&E, SCE, and SDG&E are directed to modify their ReMAT program tariffs to reflect the fixed-prices by Product Category presented in Part 2 of this Resolution, below.

### **Part 1: Methodology of Administratively Set ReMAT Prices**

D.20-10-005 adopted Staff's Proposal with modifications to set ReMAT's Product Category prices using the weighted average of IOUs' recent wholesale RPS contracts with RPS facilities with a capacity of 20 MW or less, with a lookback period sufficient to preserve the confidentiality of market-sensitive pricing information of individual contracts. However, Ordering Paragraph (OP) 3 of D.20-10-005 allows for modifications to the adopted methodology of administratively set ReMAT prices by Product Category should Energy Division obtain a complete data set of RPS contracts executed by IOUs, Community Choice Aggregators (CCAs), and Electric Service Providers (ESPs).

On January 18, 2022, Energy Division received data responses to its Q4 2021 RPS-PCIA Quarterly Data Report for LSEs, where all Load Serving Entities (LSEs) provided information on sales and purchases for RPS contracts.<sup>11</sup> Pursuant to OP 3 of D.20-10-005, the methodology of administratively set ReMAT prices by Product Category has been modified to incorporate RPS contract prices by all LSE types executed between 2015 and 2021, a lookback period that preserves the confidentiality of market-sensitive pricing information of individual contracts while best determining the market price for

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<sup>11</sup> Data requests associated with the Power Charge Indifference Adjustment (PCIA) rulemaking and the legislatively mandated RPS Padilla Report (Public Utilities Code § 913.3(a)-(d)). were consolidated to streamline the data collection process, provide greater certainty on what data will be requested in the future, and provide more transparency into the RPS data that Energy Division is requesting from all LSEs. Information was required for both index-plus Renewable Energy Credit (REC) and fixed-price contracts for RPS products 1) executed between January 1, 2018 and December 31, 2020 and 2) delivered between January 1, 2018 and December 31, 2025.

the next increment of RPS procurement.<sup>12</sup> ReMAT Product Category prices continue to be based on RPS contracts with facilities 20 MW or less in size, which best represents the cost to the utility of purchasing energy from a ReMAT generator for the Product Category.<sup>13</sup>

**Part 2: May 2022 Pricing Update for ReMAT Product Categories**

Energy Division Staff has calculated the average contract price weighted by generator capacity for RPS resources to establish updated ReMAT Product Category prices (Table 1).<sup>14</sup> The averaged RPS contract data originates from renewable energy contracts for projects 20 MW or less in size executed by IOUs, CCAs, and ESPs between 2015 and 2021, and have been categorized by representative Product Category.<sup>15</sup> The RPS contract data set, listed further in the Appendix to this Resolution, preserves the confidentiality of market-sensitive contract prices and conforms with the California Public Utilities Commission’s confidentiality rules.<sup>16</sup>

**Table 1: Weighted Average RPS Contract Prices Executed 2015-2021<sup>17</sup>**

ReMAT Product Category	Weighted Average Price (\$/MWh)
As-Available Non-Peaking	\$ 49.02
As-Available Peaking	\$ 50.72
Baseload	\$ 73.50

Within 30 days of the effective date of this Resolution, the IOUs shall file Tier 1 advice letters amending their ReMAT tariffs to reflect the fixed-prices by Product Category

<sup>12</sup> D.20-10-005 authorizes the lookback period to be reduced or increased as necessary to protect market-sensitive price information, consistent with the Commission's confidentiality rules, to reflect the most recent RPS contracts for each ReMAT Product Category.

<sup>13</sup> See Conclusion of Law 11 and 39 in D.20-10-005.

<sup>14</sup> The attached Appendix lists the data set of RPS contracts used to update the ReMAT Product Category prices presented in Table 1.

<sup>15</sup> See Ordering Paragraph 3 in D.20-10-005.

<sup>16</sup> See D.06-06-066, as modified.

<sup>17</sup> The average RPS contract prices weighted by nameplate capacity in Table 1 were generated through LSEs’ responses to the Q4 2021 RPS-PCIA Quarterly Data Report for LSEs. All contracts included in the weighted average contract price by Product Category were executed between 2015 and 2021 and are 20 MW or less in nameplate capacity. This average excludes mandated RPS procurement contracts.

exhibited in Table 1 above.<sup>18</sup> This Resolution does not affect any currently executed ReMAT contracts.

## **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this 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**

1. The Commission has ordered Energy Division to propose annual price updates by draft Resolution to ReMAT Product Categories based on recently-executed RPS contract prices.
2. The Commission has authorized Energy Division to update the administratively set fixed avoided-cost rate for each ReMAT Product Category with RPS contracts executed by Community Choice Aggregators and Electric Service Providers if Energy Division possesses complete data sets of the RPS contracts.
3. Energy Division possesses complete RPS contract price data from all Investor-Owned Utilities, Community Choice Aggregators, and Electric Service Providers through the Q4 2021 RPS-PCIA Quarterly Data Report.
4. The use of RPS contracts between 2015 and 2021, inclusive, preserves the confidentiality of market-sensitive contract prices.
5. RPS contracts with facilities 20 MW and less over a 7-year lookback period best represent the cost to the utility of purchasing energy from a ReMAT generator for the Product Category.

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<sup>18</sup> See Ordering Paragraph 4 in D.20-10-005.

6. The Commission has authorized Energy Division to adjust the lookback period to protect market-sensitive price information consistent with the California Public Utilities Commission's confidentiality rules to reflect the most recent RPS contract prices for each ReMAT Product Category.

**THEREFORE IT IS ORDERED that:**

1. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file Tier 1 advice letters within 30 days of the effective date of this Resolution with amended ReMAT tariffs that include the revised contract pricing by ReMAT Product Category described in Part 2 of this Resolution.

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 June 23, 2022, the following Commissioners voting favorably thereon:

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Rachel Peterson  
Executive Director

**APPENDIX: EXECUTED RPS CONTRACTS USED TO INFORM  
FIXED-PRICES BY REMAT PRODUCT CATEGORY**

**Table A: List of Recently-Executed RPS Contracts Used to Inform Fixed-Prices  
by ReMAT Product Category**

<i>LSE Type</i>	<i>Year of Contract Execution</i>	<i>Project Name</i>	<i>Technology Type</i>	<i>Contract Length (Years)</i>	<i>Contract Capacity (MW)</i>
<i>IOU</i>	2015	Sonoma County Landfill LFGTE Project	Landfill Gas	10	5.0
<i>IOU</i>	2015	Great Valley Solar 3, LLC (a/k/a RE Tranquillity 8 Azul)	Solar PV	20	20.0
<i>IOU</i>	2015	Midway Solar Farm III	Solar PV	20	20.0
<i>IOU</i>	2015	RE Gaskell West 1, LLC	Solar PV	20	20.0
<i>IOU</i>	2015	Summer Wheat (FKA San Joaquin 1A)	Solar PV	20	19.2
<i>IOU</i>	2015	SUNRAY SEGS I	Solar PV	20	13.8
<i>CCA</i>	2015	Western Antelope Dry Ranch LLC	Solar PV	20	10.0
<i>CCA</i>	2016	Little Bear Solar 3	Solar PV	20	20.0
<i>IOU</i>	2016	RE Gaskell West 3	Solar PV	15	20.0
<i>IOU</i>	2016	RE Gaskell West 4	Solar PV	15	20.0
<i>IOU</i>	2016	RE Gaskell West 5	Solar PV	15	20.0
<i>IOU</i>	2016	Windhub Solar A	Solar PV	15	20.0
<i>CCA</i>	2017	Hatchet Creek	Small Hydro	20	7.5
<i>CCA</i>	2017	MCE SolarOne	Solar PV	20	11.0
<i>IOU</i>	2018	5149 Lancaster Energy LLC	Solar PV	20	3.0
<i>IOU</i>	2018	Jaton, LLC	Solar PV	20	3.0
<i>IOU</i>	2018	ORNI33, LLC	Solar PV	20	20.0
<i>CCA</i>	2019	Isabella Partners, Vintage	Small Hydro	10	12.0
<i>CCA</i>	2019	SMH Cove Hydro	Small Hydro	15	5.6
<i>CCA</i>	2020	Kern and Tule Hydro LLC	Small Hydro	15	11.5



CCA	2020	Crow Creek	Hybrid	20	20.0
CCA	2020	Gibson Solar	Solar PV	20	20.0
CCA	2020	Lake Herman	Solar PV	20	5.0
		Los Alamitos			
IOU	2020	(Bright Canyon)	Hybrid	10	20.0
IOU	2020	Visalia CSG LLC	Solar PV	10	3.0
CCA	2021	Radiant BMT	Solar PV	15	3.0

**Table B: RPS Contract Data Summary Used to Inform ReMAT Product Category Prices**

<i>Representative ReMAT Product Category</i>	<i>Range of RPS Contract Capacity (MW)</i>	<i>Number of Contracts</i>
<i>As-Available Non-Peaking</i>	5.6-20.0	6
<i>As-Available Peaking</i>	3.0-20.0	19
<i>Baseload</i>	5.0	1
		<b>26</b>