#### PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4347 September 2, 2010

#### **REDACTED**

# <u>R E S O L U T I O N</u>

Resolution E-4347. Southern California Edison Company requests approval of two renewable energy power purchase agreements with Desert Sunlight LLC and Desert Stateline LLC, each a wholly owned subsidiary of First Solar, Inc., resulting from Southern California Edison Company's 2008 Renewables Portfolio Standard solicitation.

PROPOSED OUTCOME: This Resolution approves cost recovery for two long-term renewable energy power purchase agreements, one between Southern California Edison Company and Desert Sunlight LLC and one between Southern California Edison Company and Desert Stateline LLC. These power purchase agreements are approved without modification.

ESTIMATED COST: Costs of the power purchase agreements are confidential at this time.

By Advice Letter 2391-E filed on October 16, 2009 and Advice Letter 2391-E-A filed on October 29, 2009.

#### **SUMMARY**

Southern California Edison's renewable energy power purchase agreements with Desert Sunlight LLC and Desert Stateline LLC comply with the Renewables Portfolio Standard (RPS) procurement guidelines and are approved without modification

Southern California Edison Company (SCE) filed Advice Letter (AL) 2391-E on October 16, 2009, requesting Commission approval of two long-term power purchase agreements (PPAs) with Desert Sunlight LLC and Desert Stateline LLC, both wholly owned subsidiaries of First Solar, Inc (First Solar). The Desert Sunlight PPA and Desert Stateline PPA (collectively referred to as the First Solar PPAs) resulted from SCE's 2008 RPS solicitation. On October 29, 2009, SCE filed a supplemental advice letter (AL 2391-E-A) to include the IE report for the First Solar PPAs and an amendment to the Desert Stateline PPA to correct a typographical error.

Generating Facility	Technology Type	Term (Years)	Capacity (MW) <sup>1</sup>	Energy (GWh/yr) <sup>2</sup>	Online Date	Location
Desert Sunlight	Solar Photovoltaic	20	250	571	4/30/20153	Desert Center, CA <sup>4</sup>
Desert Stateline	Solar Photovoltaic	20	300	673	12/31/20155	San Bernardino, CA <sup>6</sup>

The following table summarizes the First Solar PPAs:

The Desert Sunlight project is actively seeking American Recovery and Reinvestment Act of 2009 (ARRA) funding and is listed as a "fast-track" project for permitting by the Bureau of Land Management. The Desert Stateline project is not pursuing ARRA funding at this time.

The First Solar PPAs are priced at or below the applicable 2008 Market Price Referent. Deliveries from the First Solar PPAs are consistent with SCE's 2008 RPS Procurement Plan, which the Commission conditionally approved in Decision (D.) 08-02-008. Deliveries under the First Solar PPAs are reasonably priced and fully recoverable in rates over the life of the contracts, subject to Commission review of SCE's administration of the PPAs.

The First Solar PPAs are approved without modification.

 $^{1}$  MW = megawatts.

<sup>2</sup> GWh/yr = gigawatt hours per year.

<sup>3</sup> Forecasted initial synchronization date = 3/31/2013.

<sup>4</sup> Location is within the California Independent System Operator control area.

<sup>5</sup> Forecasted initial synchronization date = 7/31/2013.

<sup>6</sup> Location is within the California Independent Systems Operator control area.

# NOTICE

Notice of AL 2391-E and AL 2391-E-A was made by publication in the Commission's Daily Calendar. SCE states that copies of the Advice Letters were mailed and distributed in accordance with Section 4 of General Order 96-B.

#### **PROTESTS**

AL 2391-E and AL 2391-E-A were not protested.

#### DISCUSSION

#### **Overview of the Renewables Portfolio Standard (RPS) Program**

The RPS Program administered by the Commission requires each utility to increase its total procurement of eligible renewable energy resources by at least one percent of retail sales per year so that twenty percent of the utility's retail sales are procured from eligible renewable energy resources no later than December 31, 2010.<sup>7</sup>

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <u>http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm</u> and <u>http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm</u>.

#### SCE requests approval of two renewable energy contracts

On October 16, 2009, Southern California Edison Company (SCE) filed Advice Letter (AL) 2391-E requesting Commission approval of two 20-year power purchase agreements (PPAs) with Desert Sunlight LLC and Desert Stateline LLC, each a wholly owned subsidiary of First Solar, Inc. (First Solar). On October 29, 2009, SCE submitted a supplemental advice letter (AL 2391-E-A) containing the IE report for the First Solar PPAs. AL 2391-E-A also included an amendment to the Desert Stateline PPA to correct a typographical error in the Desert Stateline PPA.

<sup>&</sup>lt;sup>7</sup> See Public Utilities (Pub. Utils.) Code § 399.15(b)(1).

The 250<sup>8</sup> megawatt (MW) Desert Sunlight project will be located six miles north of Desert Center, California and will interconnect at the proposed substation to be built in the Devers-Palo Verde transmission corridor. The project has a forecasted initial synchronization<sup>9</sup> date of March 31, 2013 and an expected commercial operation date of April 30, 2015. Pursuant to the Desert Sunlight PPA, the facility will annually provide approximately 571 gigawatt hours (GWh) towards SCE's annual procurement target (APT).

The 300 MW<sup>10</sup> Desert Stateline project will be located in San Bernardino County, California, approximately one mile west of Primm, Nevada. The facility will interconnect at the proposed Ivanpah substation to be built in the Eldorado-Ivanpah Transmission Project. The project has a forecasted initial synchronization date of July 31, 2013 and an expected commercial operation date of December 31, 2015. Pursuant to the Desert Stateline PPA, the facility will provide approximately 673 GWh towards SCE's APT.

Both projects will utilize First Solar's thin film solar photovoltaic (PV) technology.

SCE requests that the Commission issue a resolution containing the following findings:

- 1. Approval of the Solar Contracts in their entirety;
- 2. A finding that any electric energy sold or dedicated to SCE pursuant to the Solar Contracts constitutes procurement by SCE from an ERR for the

<sup>10</sup> The final installed capacity of the Desert Stateline project has the potential of being reduced under certain circumstances provided for under the PPA.

<sup>&</sup>lt;sup>8</sup> The final installed capacity of the Desert Sunlight project has the potential of being reduced under certain circumstances provided for under the PPA.

<sup>&</sup>lt;sup>9</sup> These different dates reflect the expectation that it will take approximately two years to install the full capacity of the project. As defined by SCE, initial synchronization occurs when the first inverter block unit of the generating facility is synchronized with the project's transmission provider and the first kWh of electric energy is measured by the CAISO-approved meter, and commercial operation occurs when the facility is completed and ready for operation.

purpose of determining SCE's compliance with the RPS Legislation<sup>11</sup> or other applicable law concerning the procurement of electric energy from renewable energy resources;

- 3. A finding that all procurement under the Solar Contracts counts, in full and without condition, toward any annual procurement target established by the RPS Legislation or the Commission which is applicable to SCE;
- 4. A finding that all procurement under the Solar Contracts counts, in full and without condition, toward any incremental procurement target established by the RPS Legislation or the Commission which is applicable to SCE;
- 5. A finding that all procurement under the Solar Contracts counts, in full and without condition, towards the requirement in the RPS Legislation that SCE procure 20 percent (or such other percentage as may be established by law) of its retail sales from ERRs by 2010 (or such other date as may be established by law);
- 6. A finding that the Solar Contracts, and SCE's entry into the Solar Contracts, is reasonable and prudent for all purposes, including, but not limited to, recovery in rates of payments made pursuant to the Solar Contracts, subject only to further review with respect to the reasonableness of SCE's administration of the Solar Contracts; and
- 7. Any other and further relief as the Commission finds just and reasonable.

#### **Energy Division Review of the Proposed PPAs**

Energy Division evaluated the First Solar PPAs for the following criteria:

- Consistency with SCE's 2008 RPS Procurement Plan (Plan)
- Consistency with the resource needs identified in SCE's Plan
- Consistency with Least-Cost Best-Fit bid evaluation decision
- Cost reasonableness

<sup>&</sup>lt;sup>11</sup> As defined by SCE, "'RPS Legislation' refers to the State of California Renewable Portfolio Standard Program, as codified at California Pub. Utils. Code Section 399.11 *et seq.*"

- Consistency with RPS standard terms and conditions
- Contribution to RPS minimum quantity requirements for short-term contracts with existing facilities
- Compliance with the Interim Emissions Performance Standard
- Procurement Review Group participation
- Independent Evaluator oversight of SCE's RPS procurement process

### Consistency with SCE's 2008 RPS Procurement Plan

California's RPS statute requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.<sup>12</sup> The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan. In D.08-02-008, the Commission conditionally approved SCE's Plan and bid solicitation materials for SCE's 2008 RPS solicitation. SCE subsequently amended its Plan and bid solicitation materials consistent with the requirements in the authorizing decision. Pursuant to statute, SCE's Plan includes an assessment of supply and demand to determine the optimal mix of renewable generation resources, consideration of flexible compliance mechanisms established by the Commission, and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.<sup>13</sup>

SCE asserts that the First Solar bids conformed to SCE's approved solicitation protocol by offering energy from an eligible renewable energy resource, submitting the standard forms, agreeing to be bound by the protocol, and signing a nondisclosure agreement. Additionally, First Solar's bids were scored pursuant to SCE's bid evaluation protocol, and the bids' scores justified their inclusion on SCE's shortlist.

<u>The First Solar PPAs are consistent with SCE's 2008 RPS Procurement Plan,</u> <u>approved by D.08-02-008.</u>

<sup>13</sup> Pub. Utils. Code §399.14(a)(3).

<sup>&</sup>lt;sup>12</sup> Pub. Utils. Code §399.14.

# Consistency with the Resource Needs Identified in SCE's Plan

SCE's 2008 Plan states that SCE has a near-term as well as long-term need for renewable energy, and SCE seeks to procure renewable resources to augment those under contract from prior solicitations and bilateral negotiations. Specifically, SCE intends to secure resources from its 2008 solicitation, as necessary, to ensure that it meets the 20% RPS goal as soon as possible, and with a reasonable margin of safety. SCE requested proposals based upon standard term lengths of 10, 15 or 20 years or a non-standard delivery term of no less than 1 month. SCE also requested proposals with a minimum capacity of 1.5 MW.

SCE indicated a preference for projects:

- With near-term deliveries
- Located in California or outside of California if the seller complies with all requirements pertaining to "Out-of-State Facilities" as set forth in the California Energy Commission (CEC) Guidebook for RPS eligibility
- Delivered within the CAISO Control Area, but considered proposals for facilities interconnected to the Western Electricity Coordinating Council (WECC) transmission system

The proposed First Solar projects may be able to contribute to SCE's 2010 20% RPS target due to the projects' expected 2013 initial synchronization dates and SCE's ability to use flexible compliance. In addition, the projects are valuable for maintaining SCE's RPS target in subsequent years, particularly given the projected increase in SCE's load and expiration of shorter-term RPS contracts. Therefore, the First Solar projects fit SCE's identified renewable resource needs because they will contribute to SCE's near-term and long-term RPS goal. In addition, the projects meet SCE's preferences of being located within California as well as having a capacity of at least 1.5 MW and a contract length of 20 years.

The First Solar PPAs are consistent with the resource needs identified in SCE's 2008 Procurement Plan.

### Consistency with Least-Cost Best-Fit Bid Evaluation Decision

The Commission's Least-Cost Best-Fit (LCBF) decisions direct the utilities to use certain criteria in their bid ranking and provide guidance regarding the process by which the utility ranks bids in order to "shortlist" the bids eligible for contract negotiations.<sup>14</sup> The bid evaluation includes a quantitative and qualitative analysis. SCE's quantitative market valuation analysis results in a benefit-to-cost (B/C) ratio for each bid, and the qualitative review results in a project viability score. Project viability is based on a number of factors such as project development milestones achieved, site control, availability of project financing, technology maturity, and developer experience.

SCE asserts that "the B/C ratio of both projects here, in combination with SCE's portfolio needs, justified their inclusion in SCE's 2008 solicitation short list," and further that the PPAs "provide significant value for SCE's customers relative to other proposals received."<sup>15</sup> SCE describes First Solar as an experienced developer that utilizes a mature technology, and is working to secure project sites that are located in high solar resource areas.

An important component of the First Solar projects' viability is project financing. During the recent credit crisis, large renewable energy projects have faced significant financing risk. The Desert Sunlight project is seeking American Recovery and Reinvestment Act of 2009 (ARRA) funding, which, if received, will increase the project's ability to secure project financing. In addition, the Bureau of Land Management has listed the Desert Sunlight project as a "fast-track" project for permitting. <sup>16</sup> The Desert Stateline project is not pursuing ARRA funding at this time. See Confidential Appendix A for more details on financing for the projects.

SCE's analysis indicates that the final LCBF results for the First Solar projects are favorable compared to the other 2008 RPS bids with respect to benefit/cost ratio, viability, and other factors. Based on these criteria, <u>SCE asserts that the First</u>

<sup>&</sup>lt;sup>14</sup> D.04-07-029

<sup>&</sup>lt;sup>15</sup> AL 2391-E, page 9

<sup>&</sup>lt;sup>16</sup> See http://www.blm.gov/pgdata/content/ca/en/prog/energy/fasttrack.html.

<u>Solar projects are viable and compare reasonably to the results of SCE's 2008</u> <u>solicitation.</u> The IE generally concurs with SCE's findings. Confidential Appendix B to this resolution provides a more detailed comparison of the First Solar projects to SCE's other 2008 RPS solicitation shortlist bids.

#### **Cost Reasonableness**

The Commission's reasonableness review for RPS PPA prices includes a comparison of the proposed PPA to other proposed RPS projects from recent RPS solicitations and recent Commission approved projects. SCE filed confidential work papers with AL 2391-E comparing the bid prices of the First Solar offers to other offers received in SCE's 2008 RPS solicitation. As stated above, the First Solar bids compared favorably to SCE's other 2008 offers.

Staff also compared the prices of the First Solar PPAs to other RPS PPAs recently approved by the Commission as well as SCE's 2009 solicitation shortlist bids. Based on these analyses, the Commission finds that the prices of the First Solar PPAs are reasonable. Confidential Appendix A to this resolution includes details about the contractual pricing terms of the First Solar PPAs.

Since the prices of the First Solar PPAs are at or below the applicable 2008 Market Price Referent (MPR), no above-MPR funds need to be allocated to the projects.

The total expected costs of the First Solar PPAs, as estimated by SCE, are reasonable based on their relation to bids received in response to SCE's 2008 RPS solicitation and contracts recently executed by SCE. Payments made by SCE under the First Solar PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission review of SCE's administration of the PPAs.

#### **Consistency with RPS Standard Terms and Conditions**

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered "non-modifiable." The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028.

The Desert Sunlight and Desert Stateline PPAs include the Commission adopted <u>RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009</u> and amended by D.08-08-028.

#### **Contribution to RPS Minimum Quantity Requirements for Short-term Contracts with Existing Facilities**

D.07-05-028 established a "minimum quantity" condition on the ability of utilities to count an eligible short-term contract with an existing facility for compliance with the RPS program.<sup>17</sup> In the calendar year that a short-term contract with an existing facility is executed, the utility must also enter into long-term contract(s) or contract(s) with new facilities equivalent to at least 0.25% of the utility's previous year's retail sales.

The First Solar PPAs are considered long term contracts with new facilities. Therefore, <u>the Desert Sunlight and Desert Stateline PPAs will contribute to SCE's</u> <u>minimum quantity requirement established in D.07-05-028.</u>

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

California Pub. Utils. Code §§ 8340 and 8341 require that the Commission consider emissions costs associated with new long-term (five years or greater) power contracts procured on behalf of California ratepayers.

D.07-01-039 adopted an interim Emissions Performance Standard (EPS) that establishes an emission rate for obligated facilities at levels no greater than the greenhouse gas (GHG) emissions of a combined-cycle gas turbine power plant. The EPS applies to all energy contracts for baseload generation that are at least five years in duration.<sup>18</sup> Generating facilities using certain renewable resources are deemed compliant with the EPS.<sup>19</sup> However, contracts with intermittent resources that utilize substitute energy are subject to the limitation that total

<sup>&</sup>lt;sup>17</sup> For purposes of D.07-05-028, contracts of at least 10 years in duration are considered "long-term," and facilities that commenced commercial operations on or after January 1, 2005 are considered "new."

<sup>&</sup>lt;sup>18</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%." Pub. Utils. Code § 8340 (a).

<sup>&</sup>lt;sup>19</sup> D.07-01-039, Attachment 7, p. 4

purchases under the contract do not exceed the expected output from the facility over the term of the contract.<sup>20</sup>

The Desert Sunlight and Desert Stateline PPAs meet the condition for EPS compliance established in D.07-01-039 because the Desert Sunlight and Desert Stateline facilities utilize one of the pre-approved renewable energy technologies listed in D.07-01-039.

### **Procurement Review Group Participation**

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the utilities' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.

SCE asserts that its PRG<sup>21</sup> was consulted during each step of the 2008 renewable procurement process. According to SCE, on June 11, 2008, it informed its PRG of the proposed shortlist of bids from SCE's 2008 RPS solicitation, and on July 8, 2009, SCE informed its PRG that SCE had successfully concluded negotiations with First Solar regarding the Desert Sunlight and Desert Stateline contracts.

<u>Pursuant to D.02-08-071, SCE's PRG participated in the review of the Desert</u> <u>Sunlight and Desert Stateline PPAs.</u>

# Independent Evaluator Oversaw SCE's RPS Procurement Process

SCE retained an Independent Evaluator (IE), Sedway Consulting, Inc., to report to SCE's procurement review group about the 2008 RPS solicitation. The IE's role is to ensure that the solicitation was conducted fairly and that the best resources were acquired. According to the IE Report submitted in AL 2391-E-A, Sedway

<sup>&</sup>lt;sup>20</sup> D.07-01-039, Attachment 7, p. 7

<sup>&</sup>lt;sup>21</sup> SCE's Procurement Review Group (PRG) consists of representatives from: the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN), California Utility Employees, the Union of Concerned Scientists, the Natural Resources Defense Council, the California Department of Water Resources, and the Commission's Energy and Legal Divisions.

Consulting performed its duties overseeing the 2008 solicitation and has provided assessments to the PRG and the Commission.

In its Independent Evaluator Report, Sedway Consulting concluded that SCE "...conducted a fair and effective evaluation of the RPS proposals that it received in response to its March 7, 2008 RFP. All proposals were evaluated consistently, appropriately, and without bias." Regarding the Desert Sunlight and Desert Stateline PPAs, The IE finds that the PPAs were "...negotiated fairly and appropriately." The IE's contract-specific evaluation of the Desert Sunlight and Desert Stateline projects is attached to this resolution as Confidential Appendix C.

Consistent with D.06-05-039, an IE oversaw SCE's 2008 RPS procurement process.

# **RPS ELIGIBILITY AND CPUC APPROVAL**

Pursuant to Pub. Utils. Code § 399.13, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS 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 California RPS, and that the seller use commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>22</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

<sup>&</sup>lt;sup>22</sup> See, e.g. D. 08-04-009 at Appendix A, STC 6, Eligibility.

# (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law."<sup>23</sup>

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, nor can the Commission determine prior to final CEC certification of a project, that "any procurement" pursuant to a specific contract will be "procurement from an eligible renewable energy resource."

Therefore, while we include the required finding here, <u>this finding has never</u> <u>been intended</u>, and shall not be read now, to allow the generation from a non-<u>RPS-eligible resource to count towards an RPS compliance obligation. Nor shall</u> <u>such finding absolve the seller of its obligation to obtain CEC certification, or the</u> <u>utility of its obligation to pursue remedies for breach of contract</u>. Such contract enforcement activities shall be reviewed pursuant to the Commission's authority to review the administration of such contracts.

# **CONFIDENTIAL INFORMATION**

The Commission, in implementing Pub. Utils. Code § 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, such as price, is confidential for three years from the date the contract states that energy deliveries begin, 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 advice letters, should remain confidential at this time.

<sup>&</sup>lt;sup>23</sup> See, e.g. D. 08-04-009 at Appendix A, STC 1, CPUC Approval.

#### **COMMENTS ON THIS RESOLUTION**

Pub. Utils. Code § 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 the draft of this resolution was neither waived nor reduced.

No comments were submitted.

#### FINDINGS AND CONCLUSIONS

- The Desert Sunlight and Desert Stateline power purchase agreements (PPAs) are consistent with Southern California Edison Company's (SCE) 2008 Renewables Portfolio Standard (RPS) Procurement Plan, approved by D.08-02-008.
- 2. The Desert Sunlight and Desert Stateline PPAs are consistent with the resource needs identified in SCE's 2008 Procurement Plan.
- 3. SCE asserts that the Desert Sunlight and Desert Stateline projects are viable.
- 4. SCE asserts that the Desert Sunlight and Desert Stateline PPAs compare reasonably to the results of SCE's 2008 solicitation.
- 5. The total expected costs of the Desert Sunlight and Desert Stateline PPAs, as estimated by SCE, are reasonable based on their relation to bids received in response to SCE's 2008 solicitation and contracts recently executed by SCE.
- 6. Payments made by SCE under the Desert Sunlight and Desert Stateline PPAs are fully recoverable in rates over the life of the PPAs, subject to Commission review of SCE's administration of the PPAs.
- 7. The Desert Sunlight and Desert Stateline PPAs include the Commission adopted RPS "non-modifiable" standard terms and conditions, as set forth in D.08-04-009 and amended by D.08-08-028.
- 8. The Desert Sunlight and Desert Stateline PPAs will contribute to SCE's minimum quantity requirement established in D.07-05-028.
- 9. The Desert Sunlight and Desert Stateline PPAs meet the condition for Emissions Performance Standard (EPS) compliance established in D.07-01-039

because the Desert Sunlight and Desert Stateline facilities utilize one of the pre-approved renewable energy technologies listed in D.07-01-039.

- 10. Pursuant to D.02-08-071, SCE's Procurement Review Group (PRG) participated in the review of the Desert Sunlight and Desert Stateline PPAs.
- 11. Consistent with D.06-05-039, an Independent Evaluator (IE) oversaw SCE's 2008 RPS procurement process.
- 12. Procurement pursuant to the PPAs is procurement from eligible renewable energy resources 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 (Public Utilities Code Section 399.11 et seq.), D.03-06-071 and D.06-10-050, or other applicable law.
- 13. The immediately preceding finding shall not be read to allow generation from a non-RPS-eligible renewable energy resource under the PPAs to count towards an RPS compliance obligation. Nor shall that finding absolve SCE of its obligation to enforce compliance with the PPAs.
- 14. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letters, should remain confidential at this time.
- 15. The Desert Sunlight and Desert Stateline PPAs proposed in AL 2391-E and AL 2391-E-A should be approved effective today without modification.

# THEREFORE IT IS ORDERED THAT:

- 1. The Desert Sunlight and Desert Stateline power purchase agreements proposed in Southern California Edison Company's Advice Letter 2391-E and Advice Letter 2391-E-A are approved without modification.
- 2. 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 September 2, 2010; the following Commissioners voting favorably thereon:

> /s/ <u>PAUL CLANON</u> PAUL CLANON Executive Director

> > MICHAEL R. PEEVEY President DIAN M. GRUENEICH JOHN A. BOHN TIMOTHY ALAN SIMON NANCY E. RYAN Commissioners

# **Confidential Appendix A**

Additional Discussion of the Desert Sunlight and Desert Stateline Projects [REDACTED]

# **Confidential Appendix B**

Comparison of Desert Sunlight and Desert Stateline to Other 2008 RPS Solicitation Shortlisted Projects [REDACTED]

# **Confidential Appendix C**

Independent Evaluator's Contract-Specific Assessment [REDACTED]