

## Proposed Decision Authorizing Renewable Energy Credits

The PD should be modified in the following key areas:

- Bundled out-of-state PPAs should not be reclassified as tradable RECs. The only contracts that should be classified as REC-only are contracts that expressly transfer only RECs, not energy.
  - This reclassification is inconsistent with SB107 and the CEC's deliverability guidelines and will create unnecessary complexity.
  - The quantity and price caps are unworkable, particularly when applied to out-of-state transactions.
  - The purported benefits of reclassification do not justify limiting customers' access to cost-competitive renewable resources.
- The Commission should not apply more restrictive requirements on the IOUs use of RECs than other LSEs.
  - Violates SB695 and SB1078, which mandate that the same requirements be applied.
  - Contrary to assertions in PD, the different requirements would harm utility customers by limiting their access to cost-competitive renewable resources while providing other LSEs unfettered access to these resources.
- Eliminate the 40% limitation on the utilities use of tradable RECs.
  - Limiting the utilities' ability to use RECs will only make the REC market less robust and potentially result in increased costs for customers.
  - The limitation is not necessary to incent new renewable generation. In fact, a limitation reduces the incentive for some new and cost-competitive generation.
- The Commission should confirm that it will process the two REC transactions that PG&E filed in October 2009 in a timely manner.
  - Additional delay in the review of these transactions could detrimentally affect two reasonably-priced RPS transactions that are beneficial for PG&E's customers.
- STC REC-1 should be modified to clarify that the seller is not required to continue to represent that a REC is RPS compliant after it is transferred to the utility.