

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 24, 2011

Meredith Allen
Pacific Gas and Electric Company
77 Beale St
San Francisco, CA 94177

Cathy Karlstad
Southern California Edison Company
2244 Walnut Grove Ave, 3rd floor
Rosemead, CA 91770

Hannon Rasool
San Diego Gas & Electric Company
8330 Century Park Court
San Diego, CA 92123

RE: Implementation of Tradable Renewable Energy Credit (TREC) rules for Pending RPS Advice Letters

To: Ms. Allen, Mr. Rasool, and Ms. Karlstad:

Pursuant to Decision (D.)10-03-021, as modified by D.11-01-025, the Director of Energy Division is authorized to require a utility to submit any additional information necessary for the complete evaluation of pending advice letters that request approval of REC-only contracts.¹

The decision also sets forth certain requirements that are relevant to the Energy Division's review of advice letters. As a result, for each contract pending Commission review that is classified as REC-only, utilities must file a supplemental advice letter, including:

1. All information requested in Ordering Paragraph 32 of D.10-03-021 as modified by D.11-01-025.
 - Your response should ensure that Energy Division has all information necessary to understand the utility's position relative to the TRECs usage limit, with and without deliveries from the proposed contract(s). Responses must include work papers in Excel showing all data, formulas used for calculations, and any underlying assumptions that are made.
2. Verification of whether the contract(s) include each of the standard terms and conditions (STC) for REC-only contracts as required by Ordering Paragraphs 35 and 36 of D.10-03-021, as modified by D.11-01-025.
 - If a contract includes the STCs, please identify the section and page where they can be found.

¹ OP 38, D.10-03-021, as modified by D.11-01-025

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3. A comparison of each contract's REC price to the \$50 price cap.
 - If a REC price is not specifically identified in the contract(s), please follow the guidelines described in Section 4.7.3 of D.10-03-021 to infer the REC price, and include all data, formulas used for calculations, and any underlying assumptions that are made. In addition, discuss the reasonableness of the contract's REC price as compared to 1) the value of the contract to the utility and 2) the utility's other renewable procurement options.

Each supplemental advice letter should make as much information public as is possible, so that it is possible for the public to understand the utility's TREC procurement relative to the usage cap, whether STCs are in each contract, and whether the TREC price is above or below the \$50 price cap. This will likely require each utility to use the California Energy Commission retail sales forecasts for item #1.

If you have any questions, please contact Sara Kamins at smk@cpuc.ca.gov or (415) 703-1388.

Sincerely,

A handwritten signature in black ink that reads "Julie A. Fitch". The signature is written in a cursive, flowing style.

Julie A. Fitch
Director, Energy Division