

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

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF THE INDEPENDENT ENERGY
PRODUCERS ASSOCIATION ON HIGH-PRIORITY ISSUES**

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In opening comments on the highest-priority topics to be addressed in the initial months of this proceeding, the Independent Energy Producers Association (IEP) joined with the California Wind Energy Association and the Large-scale Solar Association to highlight two key topics that need to be addressed and resolved as quickly as possible. In simplified terms, these issues were targets and compliance obligations (so that load-serving entities (LSEs) are clear about their obligations) and eligible products (so that both sellers and buyers understand which transactions can be used to meet the LSEs' compliance obligations).

Many other parties gave the same two issues their highest priority. Roughly two-thirds of the parties submitting opening comments included at least one of these two issues. Significantly, the Joint Parties (which included ten parties with widely varying interests) unanimously identified clusters of issues within the broad description of these two key issues as "Tier 1" (high priority) issues.

This consensus should not be surprising. Uncertainty about targets and compliance obligations and eligible products is currently inhibiting new commercial transactions for renewable energy. To maintain the momentum and progress toward a 33% RPS goal in 2020

(and to take advantage of available (but expiring) stimulus programs and favorable economic conditions), it is essential to clear up this uncertainty as soon as possible.

Other topics identified in Attachment A of the Order Instituting Rulemaking are also important, and some parties have identified additional areas—such as feed-in tariffs and cost containment—as high-priority topics. However, these other topics, while important, can be given a lower priority because a delay of three or six months in resolving these issues can be tolerated without significant detrimental effects. On the other hand, a delay in resolving matters related to the LSEs' compliance obligations and the definition of the products that can be used to meet those obligations could delay the procurement and contacting of RPS-eligible resources, which could mean that ratepayers will not receive the benefit of various financial incentives offered by the federal government for near-term development of renewable resources. To put California in a position to benefit from these federal incentives, IEP urges the Commission to issue its decision on targets, procurement obligations, and eligible products by September 22, 2011, so that the contracting and construction required to be eligible for these incentives can be completed in time (by the end of 2011 for some particularly attractive incentives). Other important issues can then be addressed promptly over the subsequent three to six months.

For these reasons, IEP respectfully urges the Commission to designate targets, compliance obligations, and eligible products as the high-priority issues in this proceeding, and to set a schedule that leads to a decision on these issues by September 22, 2011.

Respectfully submitted this 9th day of June, 2011 at San Francisco, California.

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