

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 NV ENERGY, INC.
ON ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING
COMMENTS ON IMPLEMENTATION OF NEW PORTFOLIO CONTENT
CATEGORIES FOR THE RENEWABLES PORTFOLIO STANDARD PROGRAM**

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Dated: August 19, 2011

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I. Introduction

The opening comments filed in response to the ALJ’s July 12, 2011 Ruling¹ (ALJ Ruling) provide sometimes conflicting recommendations for interpreting and implementing the new Portfolio Content Categories (Categories) and RPS compliance rules contained in Section 399.16 of Senate Bill (SB) 2 (1x). In general, these contradictions derive from parties’ differing views regarding the interpretation of eligibility for each Category, in particular, the eligibility of out-of-state eligible renewable energy resources (ERERs) for Category 1.

In its opening comments filed on August 8, 2011, NV Energy, Inc. (NVE) offered comments on a number of the 24 questions posed in the ALJ Ruling. Based on its review of the comments of other parties, NVE limits its reply comments to responding to parties who seek to exclude all “firmed and shaped” products from Category 1.

II. Question 16: “firmed and shaped” products can qualify as Category 1 products

A variety of parties, including CEERT, SCE and SDG&E, agree with NVE that ERERs that are “firmed and shaped” can qualify as Category 1 resources.² Other parties, such as DRA, argue that “firmed and shaped” electricity cannot satisfy Category 1 requirements.³ However,

¹ R.11-05-005, Administrative Law Judge’s Ruling requesting comments on the implementation of new portfolio content categories for the renewables portfolio standard program, date July 12, 2011.

² CEERT Opening Comments, p.14, SCE Opening Comments, pp.21-22 and SDG&E Opening Comments, response to question 16.

³ DRA Opening Comments, p.9.

DRA appears to base its opposition on the belief that firmed and shaped transactions are transactions seeking to “join unbundled RECs and unbundled electricity,” which DRA does not believe can qualify as Category 1.⁴

DRA is correct that temporally dislocated transactions cannot qualify for Category 1, but that is not the issue here. As NVE explained in its opening comments, “firmed and shaped” refers to the common industry practice of “providing generation resources to achieve a specified or standardized block of power delivery for a specified period of time.”⁵ As WPTF noted in its opening comments, the Commission should follow the CEC’s classification of “firmed” and “shaped” rather than develop a new definition.⁶

For the RPS program, “firming and shaping” is used to augment intermittent generation, such as from EREs like wind or solar, with other generation in order to maintain an anticipated delivery schedule over a specified period.⁷ There is no dispute that only the portion of the scheduled flow that is generated from an ERER and is delivered to the CBAA can count for RPS purposes.⁸

With this understanding, NVE reiterates its position that “there is nothing in Section 399.16(b)(1)(A) that precludes the use of firming and shaping to effectuate the delivery, as long as the firmed and shaped RPS-eligible generation is contemporaneously delivered to the CBAA.”⁹ Therefore, the Commission should not exclude firmed and shaped transactions from Category 1. To do otherwise would cause serious problems, as no party disputes that “firming and shaping are important tools to maintain system reliability both within and between BAs, and particularly to avoid inadvertent flows between BAs.”¹⁰

⁴ Id.

⁵ NVE Opening Comments, p.10.

⁶ WPTF Opening Comments, p.8. The CEC RPS Eligibility Guidebook states, “Firming and shaping refers to the process by which resources with variable delivery schedules may be backed up or supplemented with delivery from another source to meet customer load.”

⁷ NVE Opening Comments, p.10.

⁸ NVE Opening Comments, p.7.

⁹ NVE Opening Comments, p.12.

¹⁰ NVE Opening Comments, p.10.

III. Conclusion

NVE appreciates the opportunity to assist the Commission in interpreting and implementing the new Category rules contained in Section 399.16 of SB 2 (1x).

Dated: August 19, 2011

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ronald Liebert', with a long horizontal flourish extending to the right.

Ronald Liebert
Ellison, Schneider & Harris L.L.P.
Attorneys for NV Energy, Inc.

VERIFICATION

I am the attorney for NV Energy, Inc. (NVE); NVE is absent from the County of Sacramento, California, where I have my office, and I make this verification for NVE for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 19, 2011 at Sacramento, California.

A handwritten signature in black ink, appearing to read 'Ronald Liebert', with a horizontal line extending to the right from the end of the signature.

Ronald Liebert
Attorney for NV Energy, Inc.