

QUESTION 23. Reviewing your proposals above, please describe the value to the buyer, the seller, and ratepayers of transactions in each portfolio content category. Identify the direct and indirect costs that would be associated with transactions in each category. ANSWER: TransWest has provided our comments in response to Question 23 in the matrix below. TransWest has provided specific proposals to Questions 4, 6, 7 and 8 at this time in response to the July 12 Ruling. These proposals relate to portfolio content categories (b)(1)(A) & (b)(1)(B) of Section 399.16 of Senate Bill (SB) 2 (1X).

Portfolio Content Categories "Value" Discussions Submitted by TransWest Express

Question	TransWest Express Proposal	Value to Buyer *	Value to Seller*	Value to Ratepayers*	Direct Transaction Costs	Indirect Transaction Costs
<p>Questions 4,6 & 7 § 399.16(b)(1)(A) Content Category - 'Hourly Scheduled Import Product'</p>	<p>In TWE's answer to Questions 4, 6 and 7. TWE proposes that 'Hourly Scheduled Import Product' be defined as eligible renewable energy that is: (i) scheduled on an hourly or subhourly basis into a "sink" BAA that is a CBAA; (ii) actually generated in the same hour it is scheduled; and (iii) appropriately tagged and metered for verification to ensure no substitution of non-eligible energy.</p>	<p>Historically, over 30% of the electricity consumed in CA has been imported. This has resulted in huge economic benefits to CA consumers for many decades. In recent studies both the Western Energy Industry Leaders (WEIL) and WECC have shown that CA can benefit from importing renewable energy as it has from importing energy over the last few decades.** These studies have shown the potential for delivered renewable energy, which includes the cost of the transmission to import these resources from the remote regions, is lower cost than some of the otherwise competitive CA alternatives. Buyers of renewable energy in CA will benefit by having a more robust regional market to acquire the best renewable energy resources and will also be able to rely on these direct imports to a CBAA in the same way as they rely on resources directly interconnected to a CBAA.</p>	<p>Sellers of renewable energy throughout the region will have the same access to the CA market provided they can meet the scheduling, tracking and verification requirements so that all eligible renewable energy resources in Category 1 can be relied upon in a similar manner by the CBAA and Buyers. This will provide sellers of out of state power with clear direction from the CPUC on how delivery requirements in portfolio content category (b)(1)(A) should work.</p>	<p>The Value to Ratepayers of TWE's proposed requirements for the Hourly Scheduled Import Product are the same as the overall economic and system reliability values which California Buyers will receive (see comments in Buyers section) . With clear direction and reasonable delivery requirements from the CPUC to Sellers, Ratepayers will continue to be able to enjoy the benefits of low cost, high quality (renewable) energy imports for many years to come.</p>	<p>The Direct Transaction costs of this proposal include the tracking and verification equipment and processes outlined in TWE's answers to Questions 4, 6, and 7. This equipment and these procedures are typical for large scale wholesale energy transactions from generators and should not have any material impact on the economics of this Product. Tracking and verification will be performed by the utilities obligated to meet the SB2 (1X) requirements and can be easily included and integrated into compliance reports required by the Commission.</p>	<p>There are few, if any Indirect Transaction costs associated with the proposal made in response to Questions 4, 6 and 7. Transmission reservations and ancillary services will need to be included in the evaluated Product Cost for these transactions. As such, these evaluated Products Costs will need to be proven economic. TWE does not view these costs as Transaction costs.</p>
<p>Question 8 addresses § 399.16(b)(1)(B) Content Category- (Dynamically Scheduled Import Product)</p>	<p>In TWE's answer to Question 8, TWE states that the CPUC should not narrowly define the use of dynamic scheduling to "an agreement". To do so would needlessly limit flexibility to utilize dynamic scheduling as an option to meet this portfolio content category. Although there wasn't a specific question about how Dynamically Scheduled Import Products would be tracked and verified, TWE proposes the same general equipment and process as the Hourly Scheduled Import Product.</p>	<p>The same value to Buyers from importing economic renewable energy into CA applies for this Product as applies to the Hourly Scheduled Import Product. In addition, TWE's proposal regarding dynamic scheduling is that by having flexibility to employ multiple tools to implement dynamic scheduling between BAAs and other parties, Buyers, Sellers and Ratepayers will receive higher quality services at lower costs.</p>	<p>Dynamically Scheduled Import Products will provide Sellers with flexibility to provide a dynamic Product to a CBAA and allow the CA utility to acquire the required ancillary services within CA as it does for the renewable energy resources that are directly connected to a CBAA.</p>	<p>The same value to Ratepayers from importing economic renewable energy into CA applies for this Product as applies to the Hourly Scheduled Import Product.</p>	<p>Direct Transaction Costs for the Dynamically Scheduled Import Product would be the same as the Hourly Scheduled Import Product and should not have any material impact on the economics of this Product.</p>	<p>There are few, if any Indirect Transaction costs associated with the proposed method to track and verify these transactions. Transmission reservations will need to be included in the evaluated Product Cost for these transactions. As such, these evaluated Products Costs will need to be proven economic. TWE does not view these costs as Transaction costs.</p>

ATTACHMENT A

QUESTION 23. Reviewing your proposals above, please describe the value to the buyer, the seller, and ratepayers of transactions in each portfolio content category. Identify the direct and indirect costs that would be associated with transactions in each category. ANSWER: TransWest has provided our comments in response to Question 23 in the matrix below. TransWest has provided specific proposals to Questions 4, 6, 7 and 8 at this time in response to the July 12 Ruling. These proposals relate to portfolio content categories (b)(1)(A) & (b)(1)(B) of Section 399.16 of Senate Bill (SB) 2 (1X).

Portfolio Content Categories "Value" Discussions Submitted by TransWest Express

Question	TransWest Express Proposal	Value to Buyer *	Value to Seller*	Value to Ratepayers*	Direct Transaction Costs	Indirect Transaction Costs
Questions 12, 13, 15 & 16 § 399.16(b)(2) Category Content- (Firmed and Shaped Product)	In TWE's answer to Questions 12, 13, 15 and 16, TWE provides proposed definitions and requirements for the Firmed and Shaped Products. Although there wasn't a specific question regarding the tracking and verification of Firmed and Shaped Products, TWE proposes the same general equipment and process as the Hourly Scheduled Import Product with the exception of not requiring hourly revenue meters. The revenue meters on the renewable energy facilities would only need to measure the actual output over the duration of the transaction period.	[Utility] Buyers of electricity products often times seek and acquire block schedules of energy products for a duration of a day a month or more. These 'firmed' products allow the Buyer to rely on a certain schedule that includes a set energy amount for certain hours over a period of time. In some cases Buyers (or Sellers) of energy may wish to include renewable energy resources as part of these firmed products. This Firmed and Shaped Product allows for these block energy scheduled transactions to include the appropriate level of actually produced and assigned renewable energy to be credited to the Buyers obligations and allows non-renewable energy to be substituted to meet - or shape - the energy to meet these firm schedules.	Sellers of renewable energy with access to non-renewable energy resources can utilize both to offer Buyers a Firm electricity Product that receives renewable energy credits for the amount of renewable energy delivered to a CBAA.	Allows renewable energy to be included within Utility purchases of firm (block) schedule electricity products. As these types of transactions are valued by the Buyer for their dependability of supply, this Firmed and Shaped Product allows for them to include the actual amount of renewable energy used to provide this firm electricity product.	Direct Transaction Costs for the Firmed and Shaped Product would be similar to the Hourly Scheduled Import Product with the exception of hourly meter data not be required from the renewable energy resource. Revenue metering that meets the settlement duration of the Firmed and Shaped Product (e.g. monthly or annual) would be required instead of hourly meter data. These Direct Transaction Costs should not have any material impact on the economics of this Product.	There are few, if any, Indirect Transaction costs associated with the proposed method to track and verify these transactions. Transmission reservations will need to be included in the evaluated Product Cost for these transactions. As such, these evaluated Products Costs will need to be proven economic. TWE does not view these costs as Transaction costs.
Questions 9 & 10 § 399.16(b)(3) Category Content- (Unbundled Renewable Energy Credit Product)	In TWE's answer to Questions 9 & 10, TWE provides some proposed definitions and requirements for the Unbundled Renewable Energy Credit (REC) Product. Although there wasn't a specific question about how this Product would be tracked and verified, TWE envisions a process that ensures the REC is only being credited in a single transaction and a revenue metered the amount of energy produced over the duration of the transaction period.	The value to Buyers of this product is that it doesn't need to meet a scheduling or deliverability requirement to be credited. Unbundling RECs from the other electricity products produced by renewable energy facilities can often times result in a lower cost REC portion of a bundled transaction due to market conditions for non-renewable energy products in the remote area and the lack of scheduling and deliverability requirements.	Sellers of unbundled RECs are not burdened with acquiring sufficient transmission reservations to deliver energy from a remote location to a CBAA. These financial transactions are less costly than actual physical transactions to a CBAA.	Ratepayers will benefit from the lower cost of these financial Product transactions because of their inherently lower cost than physical Product transactions.	Direct Transaction Costs for the Unbundled Renewable Energy Credit Product would not have any material impact on the economics of this Product.	There are few, if any, Indirect Transaction costs associated with the proposed method to track and verify these transactions.

* Comments with respect to "value" are qualitative only.

** Western Electricity Industry Leaders (WEIL), 'Towards 2020' Western Interconnection Regional Advisory Board Committee on Regional Electric Power Cooperation, October 2008, see http://www.weilgroup.org/WIRAB_NewMexico_10-29-08.pdf

** Western Electricity Coordinating Council (WECC), '10-Year Regional Transmission Plan Summary' Final Draft for Public Comment, July 2011, see <http://www.wecc.biz/committees/BOD/TEPPC/Shared/20Documents/DRAFT/20WECC%2010-Year%20Regional%20Transmission%20Plan%20-%20for%20public%20comment/10-Year%20Plan%20Summary%20-%20for%20public%20comment.pdf>

** Western Electricity Coordinating Council (WECC), 'Interim Study Report, DRAFT, TEPPC 2010 Study Program for 2019 Studies', June 2011, see <http://www.wecc.biz/committees/BOD/TEPPC/TAS/SWG/Shared/20Documents/Forms/AllItems.aspx?RootFolder=%2fcommittees%2fBOD%2fTEPPC%2fTAS%2fSWG%2fShared%20Documents%2f2010%20Study%20Cycle%2fStudy%20Results%20Report%2f2019%20Study%20Report&FolderCTID=%2f7b9f236af1%2fd6e64%2d45eb%2d9b4a%2d735a0b494234%7d>

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