

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA

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

R.11-05-005

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**NOTICE OF EX PARTE COMMUNICATIONS**

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John W. Leslie  
Luce, Forward, Hamilton & Scripps LLP  
600 West Broadway, Suite 2600  
San Diego, California 92101  
Tel: (619) 699-2536  
Fax: (619) 232-8311  
E-Mail: [jleslie@luce.com](mailto:jleslie@luce.com)

Attorneys for Shell Energy North America (US), L.P.

Date: September 16, 2011

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In accordance with Rule 8.4 of the Commission's Rules of Practice and Procedure, Shell Energy North America (US), L.P. ("Shell Energy") files this notice of four oral ex parte communications that occurred on Tuesday, September 13, 2011. No written materials were provided. The communications occurred in meeting rooms and offices on the fifth floor of the Commission's San Francisco headquarters.

**I.**

The ex parte communications occurred through four meetings between representatives of Shell Energy and advisors to four Commissioners. Shell Energy's representatives were Marcie Milner, Vice President, Regulatory Affairs and John Leslie, the undersigned outside attorney. Shell Energy's representatives met with the following Commissioner advisors: Michael Colvin, advisor to Commissioner Ferron, from 11:30 a.m. to 12:00 p.m.; Rahmon Momoh, advisor to Commissioner Simon, from 1:00 to 1:30 p.m.; Colette Kersten, advisor to Commissioner Sandoval, from 3:00 to 3:30 p.m., and Matthew Tisdale, advisor to Commissioner Florio, from 3:30 to 4:00 p.m. The communications were oral. The communications were initiated by Ms. Milner. Each of the meetings lasted approximately 30 minutes.

## II.

The purpose of each meeting was to discuss biogas and other issues related to implementation of SBX1 2. The following matters were addressed:

First, Ms. Milner stated that under SBX1 2, out-of-State biogas delivered to an RPS-eligible “in-State” generation facility (or to any other RPS-eligible generation facility that qualifies under P.U. Code Section 399.16(b)(1)(A)) should continue to be considered an in-State (“Bucket One”) product. Biogas is an eligible renewable resource under existing law and under SBX1 2. Energy produced in-State from eligible renewable resources qualifies as a “Bucket One” product. The CEC has developed and implemented eligibility, delivery and verification requirements for biogas delivered by pipeline. No further action with respect to the eligibility of biogas is directed through SBX1 2. The Commission may not lawfully de-value existing contracts by reclassifying them as TRECs or “Bucket Three” products.

Second, Ms. Milner stated that the Commission should establish, before the end of this year, a date certain for implementation of SBX1 2. A fixed implementation date will avoid the complexity and confusion associated with cherry-picking a combination of old and new RPS procurement rules.

Ms. Milner stated that once an implementation date is set, all RPS procurement prior to the implementation date should be subject to the pre-existing RPS procurement and compliance rules, including but not limited to the current TREC rules, unlimited forward banking rules, and flexible compliance rules. Any contracts for RPS procurement entered into on or after the implementation date should be subject to the rules adopted under SBX1 2, including the product content categories (“buckets”). Parties cannot value risk without regulatory certainty. A firm implementation date with clearly articulated rules will provide certainty and facilitate the RPS compliance and verification process.

Finally, Ms. Milner noted that in establishing the product content categories (buckets) under SBX1 2, the Commission should confirm that under Bucket One, as long as an LSE can demonstrate that energy is scheduled from an out-of-State RPS-eligible resource -- “as

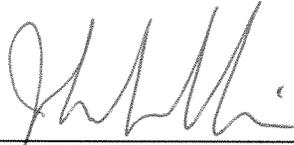
produced” -- to a California Balancing Authority (CBA), the LSE does not need to maintain “firm transmission” from the RPS-eligible resource to the CBA.

**III.**

To obtain a copy of this notice, please contact:

Sue Pote  
Luce, Forward, Hamilton & Scripps LLP  
600 West Broadway, Suite 2600  
San Diego, California 92101-3391  
Tel: (619) 699-5464  
E-Mail: [spote@luce.com](mailto:spote@luce.com)

Respectfully submitted,



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John W. Leslie  
Luce, Forward, Hamilton & Scripps LLP  
600 West Broadway, Suite 2600  
San Diego, California 92101  
Tel: (619) 699-2536  
Fax: (619) 232-8311  
E-Mail: [jleslie@luce.com](mailto:jleslie@luce.com)

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