

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

Order Instituting Rulemaking to Integrate
and Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 10-05-006

**MOTION OF
RIO BRAVO JASMIN AND RIO BRAVO POSO
(COLLECTIVELY KNOWN AS “RIO BRAVO”)
TO BECOME A PARTY**

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November 4, 2011

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I. INTRODUCTION

Pursuant to Rules 1.4(a)(4) and 11.1 of the Commission’s Rules of Practice and Procedure, Rio Bravo Jasmin and Rio Bravo Poso (together “Rio Bravo”) submit this motion to become a party in the above captioned proceeding.

II. MOTION TO BECOME A PARTY

A. Rio Bravo’s Interest in the Proceeding – Rule 1.4(b)(1)

Rio Bravo Poso and Rio Bravo Jasmin (“projects”) are each nominal 45 MW baseload cogenerators located in Bakersfield, California and owned by Rio Bravo. The projects are Qualifying Facilities (“QFs”) under PURPA with standard offer contracts with Pacific Gas & Electric (Poso) and Southern California Edison (Jasmin), each with no provision to pass-through GHG compliance costs. These solid fuel burning projects each provide steam to the enhanced oil recovery operations which they own and provide well-paid jobs in the economically depressed Bakersfield area of Kern County. As electric generators, the projects are subject to the cap-and-trade regulation recently adopted by the California Air Resources Board (“CARB”). As solid fuel consumers, Rio Bravo Poso and Rio Bravo Jasmin face large greenhouse gas (“GHG”) cap-and-trade compliance obligations under the California Air Resources Board (“CARB”)

implementation of AB 32. Only a portion of the projects' significant new costs will be recovered under any of the proposed pricing options included in the CPUC's QF/CHP settlement decision, D.10-12-035. Notwithstanding the projects' rather unique circumstances as two of a small handful of solid fueled projects providing reliable power in the state, PG&E and SCE have not been willing to date to negotiate contract amendments that would permit recovery of these cost increases or would support other project changes that will support their ongoing operations.

To improve the Rio Bravo projects' viability, Rio Bravo is evaluating options for transitioning the projects to use lower-carbon content fuels such as biomass which will, in turn, reduce CARB GHG compliance costs. Each project has secured air permits to use a biomass fuel mix, and combustion tests of a variety of biomass materials are in process at the facilities. However, in light of the costs associated with fuel handling and other physical modifications, Rio Bravo will not be able to fully convert the projects to biomass if they cannot pass-through or otherwise offset the cap-and-trade compliance costs during a "transition" period. Closure of the facilities will eliminate the power produced by these facilities, as well as the associated jobs (each approximately 35 direct, 131 indirect), and local revenues (each around \$5.1 million per year), and create the loss of an opportunity for new, incremental renewable baseload energy production at an existing, operational generating facility.

On September 23, 2011, the Independent Energy Producers Association ("IEP") filed its *Motion Of The Independent Energy Producers Association For Expedited Determination Of Issue* seeking consideration for projects operating under contracts with no ability to pass-through GHG compliance costs (also referred to as the "locked-in" contract issue). Rio Bravo is now seeking to join this proceeding as the expedited consideration of the locked-in contract and related matters is of vital importance to the projects. By operating under contracts that allow

only partial pass-through of GHG costs imposed under this new regulatory program, Rio Bravo will be directly affected by the outcome of this proceeding.

B. Rio Bravo’s Contentions in the Proceeding – Rule 1.4(b)(2)

Rio Bravo anticipates participating in the proceedings relating to the consideration of GHG costs incurred by generators and cogenerators. Rio Bravo makes no particularized contentions at this time beyond supporting those raised in IEP’s motion, but will continue to evaluate the proceeding and coordinate with similarly concerned parties.

C. Service

Rio Bravo asks that it be served copies of all correspondence, pleadings, notices, orders, and other communications in this proceeding to the following (with the first person to be listed as “party” and other persons listed as “information only” on the service list):

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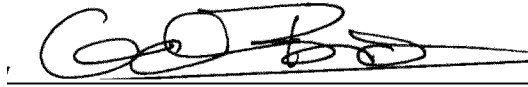
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III. CONCLUSION

For the reasons stated above, Rio Bravo respectfully requests that the Commission grant this motion and provide it party status.

November 4, 2011

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'A. Brown', is written over a horizontal line.

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