

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

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

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

**NOTICE OF EX PARTE COMMUNICATION**

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November 7, 2011

## NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.3 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) submits the following notice of ex parte communication regarding the above captioned proceeding (R.11-05-005).

On Friday, November 4, 2011 at 1:00 p.m., DRA representatives met with Matthew Tisdale, advisor to Commissioner Florio, to discuss R.11-05-005; specifically, the issue of portfolio content categories as addressed in Administrative Law Judge Simon's October 7, 2011 Proposed Decision. DRA's representatives at the meeting were Yuliya Shmidt, analyst, Cheryl Cox, policy advisor, and Matt Miley, attorney. The meeting was held at the Commission's offices, located at 505 Van Ness Avenue, San Francisco, California and lasted approximately 30 minutes. The communication was oral, and was initiated by DRA. DRA distributed written material during the communication, a copy of which is attached to this ex parte notice.

Ms. Shmidt expressed DRA's opposition to the notion that in-state unbundled Renewable Energy Credits (RECs) should satisfy the criteria of Public Utilities Code § 399.16(b)(1) transactions (Category 1 transactions). Ms. Shmidt emphasized that, in order to maximize value to ratepayers, the Commission should limit Category 1 RPS transactions to include only products that bundle RECs with the RPS-eligible generation originally associated with those RECs.

Copies of this Notice may be obtained by contacting Sue Muniz at (415) 703-1858 or [sam@cpuc.ca.gov](mailto:sam@cpuc.ca.gov).

Respectfully submitted,

/s/ MATT MILEY

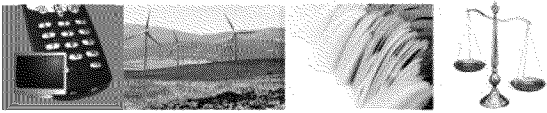
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November 7, 2011

# ATTACHMENT



Contact: Cheryl Cox, DRA Policy Advisor - (415) 703-2495 - [cxc@cpuc.ca.gov](mailto:cxc@cpuc.ca.gov)

PROCEEDING NO: R.11-05-005

November 2011

Commission Agenda: November 10, 2011

## Definition of Renewables Categories Proposed Decision - Bucket 1 and Unbundled RECs -

**DRA Position:** Allowing unbundling of Category 1 products reduces value for ratepayers. Although ratepayers may save some nominal dollars, they will lose more value by allowing unbundling of Category 1 products, causing higher rates / inefficiency in the long run.

### Unbundled Category 1 Products Scenarios

1. Energy is used on-site and the RECs are sold.
  - CSI Program: Paying a Category 1 price for the RECs would be similar to a second subsidy because ratepayers have already subsidized the panel-owner once.
  - Co-generation: RECs still do not have as much value as typical Category 1 products because ratepayers do not have access to the electricity produced.
2. RECs are sold with the energy, but then resold without the energy.
  - Various speculative transactions may take place wherein RECs are unbundled, then traded at various times, all without adding value for ratepayers.

### Unbundling of Category 1 Products Reduce Value to Ratepayers

- The utilities can and will account for any unbundled in-state RECs that offer more value, such as Resource Adequacy, in their valuations of potential REC deals.
- Unbundled in-state RECs simply do not offer as much value as bundled in-state RECs and should not be placed in the same unlimited category.
- Not allowing unbundled RECs into Category 1 is a fair reading of the legislation which sets Category 1 as a higher-value category and clearly creates Category 3 for unbundled products.