

**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
(Filed May 5, 2011)

NOTICE OF EX-PARTE COMMUNICATION OF SIERRA CLUB CALIFORNIA

January 6, 2011

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NOTICE OF EX PARTE COMMUNICATION OF SIERRA CLUB CALIFORNIA

Pursuant to Rule 8.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), Sierra Club California hereby gives notice of the following ex parte communication.

On Tuesday, January 3, 2011, at 1pm, Jim Metropulos, Senior Advocate, Andy Katz, and Ray Pingle, representing Sierra Club California, met at the Commission offices for 45 minutes with Sara Kamins, Advisor to Commissioner Ferron. The meeting was initiated by Mr. Katz, who attended in person, and Mr. Metropulos and Mr. Pingle attended by teleconference.

Mr. Katz began the meeting by stating Sierra Club California’s strong support of feed-in tariffs as a part of implementing the Renewables Portfolio Standard and the Governor’s goal of 12,000 MW of renewable distributed generation. Mr. Pingle added that feed-in tariffs are a word-wide best practice, and have the advantages of streamlined integration of renewables into the grid. Mr. Pingle stated that the price must be at a level high enough to generate adequate subscriptions, and therefore the price should be set at the cost to produce the generation capacity. Mr. Katz discussed the problems with the staff proposal for setting the initial price, specifically the difference between the cost per kWh of a 20 MW project compared to a 3 MW or 1 MW project, and the contract failure rates observed under RPS solicitations due to inability to access financing, which may also be observed in a program based on the RAM market clearing price.

Mr. Katz stated that the market price for a feed-in tariff is the avoided cost as defined by the Federal Energy Regulatory Commission (FERC), which grants states broad discretion to determine avoided costs. Mr. Katz stated that the recent FERC clarification rulings allow states to differentiate tariff prices based on state requirements, and that the Commission should set

differentiated tariff prices based on technology and in the case of solar PV, projects smaller than 1 MW. Ms. Kamins asked about cost-based feed-in tariff legislation that did not proceed in the legislature. Mr. Metropulos confirmed that this bill was introduced early in 2009, but did not proceed, and Mr. Pingle noted that this was prior to FERC issuing its clarification rulings.

Mr. Pingle stated Sierra Club California's proposal to divide the capacity of the Section 399.20 program evenly over four six-month periods, and adjust the price after each period based on an expert study of costs. Mr. Katz stated that the divided capacity limits are a safeguard to contain costs and adjust the price if needed, and Mr. Pingle stated that Sierra Club California supports a comprehensive review to begin after the first six month period, and to complete after one year of the program. Mr. Katz stated that Parties should be able to request discovery regarding the study, and enter comments on the study into the record to provide for an adequate process. Ms. Kamins asked what the cost implications would be. Mr. Pingle stated that the small scale of this program would limit costs, and Mr. Katz stated that the experience around the world has indicated a significant decline in prices as the industries develop an economy of scale.

Respectfully Submitted,

	/s/ Jim Metropulos	/s/ Andy Katz
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