BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Filed May 5, 2011)

COMMENTS OF THE ENERGY PRODUCERS AND USERS COALITION, THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, AND THE CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION ON THE 33% RPS PROCUREMENT EXPENDITURE LIMITATIONS

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February 16, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Filed May 5, 2011)

COMMENTS OF THE ENERGY PRODUCERS AND USERS COALITION, THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, AND THE CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION ON THE 33% RPS PROCUREMENT EXPENDITURE LIMITATIONS

These comments are submitted in response to the Administrative Law Judge's Ruling Requesting Comments on Procurement Expenditure Limitations for the Renewables Portfolio Standard Program (ALJ Ruling), dated January 24, 2012. The California Large Energy Consumers Association[1] (CLECA), the Energy Producers and Users Coalition[2] (EPUC) and the California Manufacturers and Technology Association (CMTA)[3] jointly submit these comments.

I. INTRODUCTION

There is no doubt that achieving a 33% Renewable Portfolio Standard (RPS) could be very costly for ratepayers. On a per-kWh basis, RPS contract

[1] CLECA is an ad hoc organization of large, high load factor industrial electric customers of Southern California Edison Company and Pacific Gas and Electric Company. CLECA has been an active participant in Commission regulatory proceedings since 1987.

[2] EPUC is an ad hoc group representing the electric end use and customer generation interests of the following companies: Aera Energy LLC, BP West Coast Products LLC, Chevron U.S.A. Inc., ConocoPhillips Company, ExxonMobil Power and Gas Services Inc., Shell Oil Products US, THUMS Long Beach Company, and Occidental of Elk Hills, Inc.

[3] CMTA works to improve and enhance a strong business climate for California's 30,000 manufacturing, processing and technology based companies. Since 1918, CMTA has worked with state government to develop balanced laws, effective regulations and sound public policies to stimulate economic growth and create new jobs while safeguarding the state's environmental resources. CMTA represents businesses from the entire manufacturing community -- an economic sector that generates more than $250 billion every year and employs more than 1.5 million Californians.

costs have more than doubled from 2003 to present, going from 5.4 cents to 13.3 cents.[4] SB 2 (1X) rightly mandates a "*cost limitation*" on RPS procurement; it also provides an off-ramp specifically to prevent the 33% RPS from causing "*disproportionate rate impacts*."[5] If rate impacts of RPS procurement become disproportionate, unless additional procurement can be undertaken with only "*de minimis*" rate increases, the investor owned utilities are excused from further RPS procurement.[6]

Development of a real cost containment methodology that works to protect ratepayers from excessive RPS costs is vital. If the cost limitation turns into a useless rubber stamp, it will have failed. Three key points deserve emphasis. The first is the importance of keeping the Commission's ultimate duty, to ensure just and reasonable rates, in mind when establishing the annual cost limitation and cost containment mechanism required by SB 2(1X). In addition to the Commission's ultimate duty, the statute itself provides that all ratepayers must be protected from potential disproportionate impacts from a 33% RPS. The Commission must therefore ensure that the methodology has teeth and truly

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[4] *See* Renewables Portfolio Standard Quarterly Report 4th Quarter 2011 (available online at: http://www.cpuc.ca.gov/NR/rdonlyres/3B3FE98B-D833-428A-B606-47C9B64B7A89/0/Q4RPSReporttotheLegislatureFINAL3.pdf). In 2009, when the RPS contract costs averaged around 10¢ per kWh, the projected costs of a 33% RPS, incremental to the 20% RPS, ranged from an additional $1.9 billion to an additional $7.4 billion. *See generally* 33% Renewables Portfolio Standard Implementation Analysis Preliminary Results (June 2009) (available online at: http://www.cpuc.ca.gov/NR/rdonlyres/1865C207-FEB5-43CF-99EB-A212B78467F6/0/33PercentRPSImplementationAnalysisInterimReport.pdf)

[5] PU Code §399.15(d)(1) ("*The limitation is set at a level that prevents disproportionate rate impacts.*").

[6] PU Code §399.15(f) ("*If the cost limitation for an electrical corporation is insufficient to support the projected costs of meeting the [RPS] requirements, the electrical corporation may refrain from entering into new contracts or constructing facilities beyond the quantity that can be procured within the limitation, unless eligible renewable energy resources can be procured without exceeding a de minimis increase in rates, consistent with the long-term procurement plan established for electrical corporation pursuant to Section 454.5.*").

serves to guard against disproportionate rate impacts. The cost containment mechanism, and its development, should maintain a definitive focus on rate impacts to ensure that it does serve its intended purpose. Given this focus, ratepayer voices should be accorded significant weight in this discussion and recommendations that seek to strengthen the cost limitation mechanism should be adopted.

Second, while this goal, contain the RPS costs, is simple, the development of the cost containment mechanism will not be straightforward. A multitude of requirements, from legislative to regulatory to potentially even those that may be imposed by the market, contribute to the task's complexity. For example, disproportionate is defined by the Cambridge dictionary as "*too large or too small in comparison with something else*."[7] But SB 2 (1X) does not clearly specify what comparison should determine if the rate impacts of the 33% RPS are disproportionate. This will need to be addressed in the development of the cost-containment methodology.[8] Further, "de minimis" is generally understood to be very small or trifling.[9] SB 2 (1X)' reference to a de minimis rate impact could be a less than 0.5% increase in the generation component of rates or some other small percentage. This will need to be considered carefully in the development of the cost limitation and methodology. Again, the bottom line is that the ultimate

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[7] http://dictionary.cambridge.org/dictionary/american-english/disproportionate?q=disproportionate.

[8] The comparison could be to what costs would be incurred under the previously mandated 20% RPS; given the current level of compliance with that mandate, this comparison would arguably include procurement of non-renewable resources.

[9] http://en.wikipedia.org/wiki/De_minimis.

focus on ratepayer impacts should not be lost as the Commission and parties wrestle with these and other complex and faceted questions.

Third, the mechanism should be applied in as transparent, public and straightforward a manner as possible. The Commission should check early and often to gauge how the utilities' RPS procurement costs are stacking up under their annual cost limitations. Frequent, public evaluations will both ensure the cost containment mechanism actually does guard against disproportionate rate impacts and improve ratepayers' confidence in the process.

II. COMMENTS

While not responding to every question in the ALJ Ruling,[10] the responses below focus on developing a framework to enable achievement of the statutory goal: prevent excessive rate impacts through real cost limitations. Ultimately, it is the responsibility of this Commission to protect all ratepayers against the potential for excessive RPS costs. For the reader's convenience, the ALJ's questions are repeated in bold italics.

1. ***Section 399.15(c) provides that a procurement expenditure limitation must be established "for each electrical corporation." (Section 399.17(f) directs that multi-jurisdictional utilities or successor entities, as defined by Section 399.17(a), shall be subject to this procurement expenditure limitation.) How should the procurement expenditure limitation methodology reflect this instruction?***

- ***Should the methodology be the same for all IOUs in all respects?***

[10] "No response" is indicated where CLECA, EPUC and CMTA do not offer a response; CLECA, EPUC and CMTA, however, reserve the right to later provide input on other parties' responses or in general even where a position is not taken herein.

The procurement limitation methodology should be the same in as many respects as practicable, but certain inputs to the methodology may need to be different. This is simply because the IOUs are different. For example, they have different actual RPS procurement costs.

- ***Should the inputs to the methodology be specific to each IOU?***

Yes. Without knowing what the inputs may be, it seems appropriate that at least some of the inputs will need to vary by utility. Again, this is due to the fact that they have different service territories, different loads, different T&D systems, and most importantly, different current actual RPS procurement costs and different projected RPS costs.

- ***Should both the methodology and the inputs be IOU-specific?***

Absolutely not. There is no rational reason to have three different procurement expenditure limitation methodologies when the goal is the same: limit any excessive rate impacts of the 33% RPS for all the IOU ratepayers.

- ***Should some other relationship between methodology and IOU be established? Please specify and explain any proposal.***

No response at this time.

2. ***Section 399.15(c)(2) provides that "the costs of all procurement credited toward achieving the renewables portfolio standard" should count towards the procurement expenditure limitation.***

- ***Please identify the types of procurement that should be included in this requirement and identify any special rules or methods that may be required to account for the costs. Please consider at a minimum the following situations:***
  - ***o Procurement from RPS-eligible qualifying facilities under PURPA (Public law 95-617);***
  - ***o Procurement pursuant to the renewable auction mechanism established by D.10-12-048;***
  - ***o Procurement pursuant to the feed-in tariff program established by SB 32 (Negrete McLeod), Stats. 2009, ch. 328;***

o Procurement from bilaterally negotiated contracts, not part of a utility solicitation for RPS-eligible generation resources;
o Procurement by means of utility-owned generation.

The statute requires the Commission to ensure that "*the costs of* ***all procurement credited*** *toward achieving"* is counted toward the RPS cost limitation. So all of the above RPS procurement, **to the extent it contributes to the IOU RPS requirement**, should be included, in addition to RPS procurement resulting from the IOUs' RPS RFOs. If, however, an IOU procures only null energy from an RPS facility, which energy does not count towards the RPS, the costs of that procurement should not count.

- ***Please identify all "costs" that are implicated by this requirement, taking into account those costs that are excluded by Section 399.15(d)(3).***

Despite their statutorily-mandated exclusion from the annual cost limitation, the additional transmission costs associated with a 33% RPS are too high to simply ignore. Energy Division, in 2009, estimated an additional $16 billion in transmission costs alone would have to be borne by ratepayers for a 33% RPS by 2020.[11] The Commission must acknowledge that a holistic evaluation of the 33% RPS would include consideration of these high costs, as well as the other indirect costs. Their impact on rates must inform the Commission's development of the cost containment mechanism and the calculation of the annual cost limitations.

Given the exclusion of these "indirect" but very real and very high costs of the 33% RPS, the Commission must err on the side of caution and ratepayer

[11] *See* 33% Renewables Portfolio Standard Implementation Analysis Preliminary Results, at 1 (June 2009) (available online at: http://www.cpuc.ca.gov/NR/rdonlyres/1865C207-FEB5-43CF-99EB-A212B78467F6/0/33PercentRPSImplementationAnalysisInterimReport.pdf).

protection in setting the annual cost limitations. Even more importantly, for the ongoing evaluation of proposed RPS procurement, rather than promotion of a 33% RPS at any cost, protection against excessive RPS costs and disproportionate ratepayer impacts must be paramount.

- ***Should the statutory characterization of "the costs of all procurement credited toward achieving the renewables portfolio standard" be interpreted as including:***
  - ***o Estimates, made at the time a procurement contract is approved by the Commission, of the costs that will be incurred over a period of time.***
    - ***- should the period of time be the entire period of the contract?***
    - ***- should it be some other time period? Please describe and justify the choice of another period; or***
  - ***o A record of actual expenditures by the utility for the procurement contract over a period of time.***
    - ***- should the period of time be the entire period of the contract?***
    - ***- should it be some other time period? Please describe and justify the choice of another period.***
    - ***- how should the actual expenditures be determined?***

Without knowing what methodology is to be proposed, how the methodology will work or how the limitations will be calculated, these are difficult questions. The statute clearly refers to an "*annual cost limitation*" for individual utilities,[12] and this limit is to be based in part on "*the expected cost*" of renewable facilities, presumably in the year in question.[13] All RPS procurements costs are to be "*counted toward*" these annual cost limitations.

In the context of cost containment, considering first an initial estimate of the first year's costs[14] of a contract or the utility-owned resource and then including a later record of actual annual expenditures for the contract or resource

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[12] PU Code §399.15(g)(2)(A).

[13] PU Code §399.15(c)(2).

[14] This would presumably be the expected costs for that year times the production for that year.

would appear to be required. Both an initial estimate and subsequent actual, recorded costs are required for an accurate, complete consideration of the cost limitation and where the utility is in terms of hitting that limitation. For example, in considering approval of a contract or utility-build of a renewable resource, prior to the purchase of energy (or perhaps subsequent "price-reopeners") or operation of the resource, only estimates will be available for use in determining the impact on the annual cost limitation; that is, how much "headroom" the specific contract or resource would take up.

For the actual measurement of where a utility is in terms of hitting the cost limitation, however, the statute says to count "*costs of all procurement **credited.***"[15] Thus only the actual, recorded costs of the eligible product's purchases or eligible facility in the case of utility owned generation should be counted toward the annual cost limitation, since only they count towards the RPS.[16] The utility's record of actual procurement expenditures should thus be used. This should occur over the life of the contracts or resource if utility owned. Utilities record these costs as a matter of course, and the actual expenditures should be based on those utility records, either in ERRA or the appropriate balancing/memorandum account.

Critically, for RPS cost containment to prevent disproportionate rate impacts, the "cure" of not signing further contracts or not building additional utility-owned resources or otherwise procuring RPS energy must be viable. The calculation of the annual cost limitations must use, in part, approximate expected

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15 PU Code §399.15(d)(2) (emphasis added).

16 *See* D.11-12-035, at 75-79, OPs 1-5.

costs of renewable resources. Determination of where the utility is in hitting that annual cost limitation must, per the statute, rely on actual recorded costs of all RPS-credited procurement; this determination must be made at least every year. The ongoing evaluation and approval or rejection of all prospective RPS procurement, however, will necessarily have to rely on initial estimates of the first year costs for that contract or resource *in conjunction with* where the utility is, based on recorded costs, in terms of hitting its annual cost limitation.

- ***How should RPS procurement costs incurred prior to the implementation of the procurement expenditure limitation required by SB 2 (1X) be addressed in the procurement expenditure limitation methodology?***

They should be included if the associated RPS energy is credited toward the 33% RPS; the statute refers generally to the RPS, not just the increment between a 20% RPS and the 33% RPS.

- ***How should the costs of procurement from utility-owned generation be addressed in the procurement expenditure limitation methodology?***

They should be included if associated RPS energy will be credited toward the 33% RPS; this is generally understood to be the case unless the utility were to sell the REC and the remaining null energy did not contribute to the RPS requirement.

Please discuss any issues not addressed in response to other questions.

No response at this time.

3. Should the procurement expenditure limitation methodology provide a single limitation for the time period 2011-2020?

No. The limitation for each utility should be an annual cost limitation, as explicitly described in SB 2 (1X).[17] Moreover, how would such a single limitation be developed and how could it possibly contribute to cost containment and protect against excessive rate impacts before 2020? For this statutory scheme for RPS cost containment and the prevention of disproportionate rate impacts to work, progress towards the individual annual utility cost limitations must be regularly evaluated. If the annual cost limitations and the utilities' RPS procurement costs are not regularly evaluated, excessive RPS costs will be incurred and disproportionate rate impacts will result.

4. Should the procurement expenditure limitation methodology provide a limitation for a different time period or set of time periods?

- ☐ ***Annual.***
- ☐ ***Each compliance period through 2020 (i.e. 2011-2013; 2014-2016; 2017-2020).***
- ☐ ***The period 2011-2015 and the period 2016-2020.***
- ☐ ***The year 2020.***
- ☐ ***The entire time an RPS procurement obligation has been in place (i.e., beginning in 2003).***
- ☐ ***Some other time period. Please specify and explain the reasons for the time period proposed.***

As noted above, SB 2 (1X) requires that the cost limitation for each utility be an annual cost limitation, as explicitly described in PU Code §399.15(g)(2)(A). These annual cost limitations will be set this year for the first time, using in part expected costs and at a level that prevents disproportionate rate impacts; SB 2

[17] *See* PU Code §399.15(g)(2)(A) (directing the Commission to investigate and report on "*why the electrical corporation may exceed its annual cost limitation.*").

(1X) explicitly prevents any revision to the annual cost limitations to take effect before January 1, 2017.[18]

5. Since RPS procurement obligations continue indefinitely, how should the procurement expenditure limitation methodology treat RPS procurement in the years after 2020?

It should treat RPS procurement the same as the year 2020 and prior years. Contracts roll on and off; some end, others begin. The RPS cost containment should be an ongoing exercise to the extent the RPS is an ongoing requirement. This is reflected in the discussion of the Commission's assessment of "*whether each electrical corporation can achieve a 33-percent [RPS] … by December 31, 2020, and maintain that level thereafter,* ***within the adopted cost limitations***."[19]

6. Section 399.15(c)(1) provides that, in establishing the procurement expenditure limitation, the Commission shall rely on, among other things, "the most recent renewable energy procurement plan."

- ***What elements of an IOU's RPS procurement plan should be used in establishing the procurement expenditure limitation methodology?***

No response at this time.

- ***Should the methodology include a mechanism for updating the limitation with information from the IOU's most recent RPS procurement plan?***

Probably, given the statute's use of the terms "*most recent renewable energy procurement plan*" and "*annual cost limitation*".

- ***Should the methodology use information from the most recent RPS procurement plan available at the time the Commission adopts the methodology, but not provide for periodic updates from more recent RPS procurement plans?***

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[18] PU Code §399.15(e)(1).

[19] PU Code §399.15(e)(1)(emphasis added).

No response at this time.

7. Section 399.15(c)(2) provides that, in establishing the procurement expenditure limitation, the Commission shall rely on, among other things, "procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources."

- ***What sources of data should be used to develop this approximation? Please provide specific examples.***

Actual, recent data, to the extent publicly available (*e.g.*, aggregated contract data provided on a weighted average basis[20]) could be used to forecast an expected cost for a renewable facility; while a forecast of expected costs will include some degree of error, this can be minimized if it is based on recent, actual costs. The data can come from RPS RFOs, to bilaterally negotiated contracts, to the utility PV programs to the RAM, but it should be in a form that is publicly available to improve transparency and confidence in the cost containment process. Industry reports, such as the LBLN and NREL Report *"Recent Developments in the Levelized Cost of Energy of U.S. Wind Power Projects"*, could serve as a reality check on the actual data. The primary source, however, should be actual, recent, publicly available cost data.

- ***Should the methodology differentiate between utility-owned RPS-eligible generation and RPS-eligible generation owned by independent power producers? If so, what information or parameters should differ between the two types?***

No response at this time.

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[20] For example, recent, weighted average cost data is available in the Renewables Portfolio Standard Quarterly Report 4th Quarter 2011 (available online at: http://www.cpuc.ca.gov/NR/rdonlyres/3B3FE98B-D833-428A-B606-47C9B64B7A89/0/Q4RPSReporttotheLegislatureFINAL3.pdf)(at Tables A-1 to A-3).

- ***Should only publicly available data be used to develop this approximation? Please identify and explain any limitations of publicly available data for this purpose.***

Yes. Moreover, far more RPS data should be publicly available than is currently made available. Individual contract data is made publicly available after three years; such stale data may not reflect current market conditions.

CLECA, EPUC and CMTA understand that the Commission is considering further refinement of its confidentiality practices to improve transparency and increase access to RPS and other data by all parties; we support this effort.

8. ***Section 399.15(c)(3) provides that, in establishing the procurement expenditure limitation, the Commission shall rely on, among other things, "the potential that some planned resource additions may be delayed or canceled." How should the methodology take such potential into account?***

Very, very carefully, with a focus on the ultimate goal: to avoid disproportionate rate impacts and an explicit, clear recognition that too much of a fudge factor would not serve to protect ratepayers from excessive RPS costs.

- ***How should the methodology define a "delay"? A "cancellation"? Please discuss usual commercial practice and provide examples in support of the proposed definition. Please provide examples of how a delay could be distinguished from a cancellation for purposes of the procurement expenditure methodology.***

No response at this time.

- ***Should delays in the progress of contracted-for RPS resources be treated differently from cancellations?***

Yes.

- ***Should the methodology use data on the historical record of delays/cancellation of RPS procurement contracts for each IOU?***

While it seems simplest to rely solely on the historical record of delays and cancellations, this may not reflect the results of the Commission's efforts to improve RPS project viability and reduced delays. If too much of a delay/cancellation hedge is included, the annual cost limitation will be set too high and result in too costly RPS procurement with disproportionate rate impacts. This should be avoided.

- ***Should the methodology use each IOU's projections of likely delays/cancellations in the future?***

It depends on the reasonableness of those projections.

- ***Should the methodology create projections of delays/cancellations of contracted-for RPS generation projects in some other way? Please describe the proposal in detail.***

No response at this time.

- ***How should the potential for delays/cancellations, however determined, be used in the procurement expenditure limitation methodology?***

No response at this time.

9. Taking into account your responses to questions 3-8, above, how often should the procurement expenditure limitation be calculated for the years through 2020, using the methodology and inputs that the Commission will adopt?

Early and often. The statute refers to an "*annual cost limitation*" for the individual utilities.[21] At a minimum, an annual calculation of the ongoing procurement expenditure limitation, relying on the annual cost limitations, which will be set this year, is needed. Calculating the "headroom" available under the procurement expenditure limit over the other time periods suggested would be too late to prevent the very result the statute intends to guard against: incurrence of too high

[21] PU Code §399.15(g)(2)(A).

RPS costs. Annual calculations would help ensure avoidance of excessive RPS costs and disproportionate rate impacts; ideally, this would occur more frequently.

- ☐ ***Annually.***
- ☐ ***At the beginning of each compliance period (i.e. 2011-2013; 2014-2016; 2017-2020).***
- ☐ ***Once for the period 2011-2015 and once for the period 2016-2020.***
- ☐ ***Once for the period 2011-2020.***
- ☐ ***Once for the year 2020.***
- ☐ ***Once for the entire time an RPS procurement obligation has been in place (i.e., beginning in 2003).***
- ☐ ***Some other time period. Please specify and explain the reasons for the time period proposed.***

10. How often should the procurement expenditure limitation be calculated for the years after 2020, using the methodology and inputs that the Commission will adopt?

It should be calculated annually if the RPS products are being procured on an ongoing basis. The need to catch and correct too-costly RPS procurement before it's too late is unlikely to change.

11. Section 399.13(a)(4)(D) requires the Commission to adopt "[a]n appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to mitigate the risk that renewable projects planned or under contract are delayed or canceled."

- ☐ ***How should such a margin of above-minimum procurement be addressed in the procurement expenditure limitation methodology?***
- ☐ ***How should the methodology treat the interaction of the margin of above-minimum procurement and the potential for delays and/or cancellations?***

See responses to question 8 above.

12. Section 399.13(a)(4)(A) requires the Commission to adopt "criteria for the rank ordering and selection of least-cost and best-fit eligible renewable energy resources…on a total cost basis…," taking various factors into account.

 Should the procurement expenditure limitation methodology incorporate the "total cost basis" factors set out in Section 399.13(a)(4)(A). If so, how?

No response at this time.

 Should the procurement expenditure limitation methodology be used as the criterion of "least-cost" for the least-cost best-fit determination? If so, how?

No. The least-cost criterion is a comparison to other renewables bidding into the RPS RFOs. It is not clear what the comparison will be for the determination of disproportionate rate impacts under SB 2 (1X).

13. Should the procurement expenditure limitation methodology take into consideration the value of diversification of resources in IOUs' RPS procurement? Specifically,

Generally, no. These "values" are taken into consideration in the least-cost, best-fit evaluation for RPS procurement bidding.

 Should the methodology create a set of technology-specific expenditure limitations?

No response at this time.

 Should the methodology create a set of geographically-defined expenditure limitations?

No; this would be exceedingly complex.

 Should the methodology give "extra credit" for diversification by technology?

No.

 Should the methodology give "extra credit" for geographic diversification?

No.

14. How should the procurement expenditure limitation be applied to the Commission's evaluation of individual RPS contracts?

It should be taken into consideration.

 The methodology should include a way to calculate a benchmark limit on the price of RPS procurement contracts (in dollars per megawatt-hour of generation) of a particular duration and technology type.

No response at this time.

 The methodology should include a way to consider an individual RPS procurement contract, on a total expected cost basis, as a fraction of some larger procurement expenditure limitation.

Yes.

 The methodology should use some other way to consider an individual RPS procurement contract in the context of the procurement expenditure limitation. Please provide a detailed explanation.

No response at this time.

 The methodology should not be applied to individual RPS procurement contracts at all.

No.

15. Should the procurement expenditure limitation methodology include a methodology by which Energy Division staff could "monitor the status of the cost limitation for each electrical corporation," as required by Section 399.15(g)(1)?

Absolutely yes.

 What elements would be required in order to monitor the status of the cost limitation for each IOU?

No response at this time.

 How often should the status of the cost limitation for each IOU be examined?

o Annually;

Yes, at a minimum. Remaining time periods are simply too infrequent to ensure compliance with the requirement that the cost limitation prevent disproportionate rate impacts.

o Once per compliance period;
o Once before January 1, 2016;
o Once before January 1, 2016 and again before December 31, 2020;
o Once before December 31, 2020;
o At the discretion of the Director of Energy Division;
o Some other time interval.

III. CONCLUSION

The Commission must keep the costs of the 33% RPS in check to avoid unwarranted and disproportionate rate impacts. A real cost containment mechanism that protects ratepayers from excessive RPS costs will meet the SB 2 (1X) requirements and achieve the Commission's ultimate duty: ensuring utility rates are just and reasonable.

Respectfully submitted,

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/S/
Dorothy Rothrock
Sr. VP, Government Relations
California Manufacturers and
Technology Association

February 16, 2012

VERIFICATION

I am an attorney for the California Large Energy Consumers Association in this matter. CLECA is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of CLECA for that reason. I have prepared and read the attached **"COMMENTS OF THE ENERGY PRODUCERS AND USERS COALITION, THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION AND THE CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION ON THE 33% RPS PROCUREMENT EXPENDITURE LIMITATIONS**," dated February 16, 2012. I am informed and believe that the matters stated in this document are true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on February 16, 2012 at San Francisco, California.

Nora Sheriff

Counsel to CLECA

VERIFICATION

I am the Senior Vice President for the California Manufacturers and Technology Association. Under Rule 1.11 of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of CMTA. I have read the attached "**COMMENTS OF THE ENERGY PRODUCERS AND USERS COALITION, THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION AND THE CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION ON THE 33% RPS PROCUREMENT EXPENDITURE LIMITATIONS**," dated February 16, 2012. I am informed and believe, and on those grounds allege, that the matters stated in this document are true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on February 23, 2012 at Sacramento, CA.

/s/

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Dorothy Rothrock
Sr. VP, Government Relations
California Manufacturers and
Technology Association

VERIFICATION

I am the attorney for the Energy Producers and Users Coalition (EPUC) in this matter. EPUC is absent from the City and County of San Francisco, where my office is located, and under Rule 1.11(d) of the Commission's Rules of Practice and Procedure, I am submitting this verification on behalf of EPUC for that reason. I have read the attached "**COMMENTS OF THE ENERGY PRODUCERS AND USERS COALITION, THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION AND THE CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION ON THE 33% RPS PROCUREMENT EXPENDITURE LIMITATIONS**," dated February 16, 2012. I am informed and believe, and on those grounds allege, that the matters stated in this document are true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on February 23, 2012 at Sun Valley, Idaho.

Evelyn Kahl
Counsel to the Energy Producers
and Users Coalition