

**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)

**REPLY COMMENTS OF MARIN ENERGY AUTHORITY ON
RENEWABLES PORTFOLIO STANDARD PROGRAM
PROCUREMENT EXPENDITURE LIMITATIONS**

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March 1, 2012

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In accordance with the schedule contained in the Administrative Law Judge’s Ruling Requesting Comments on Procurement Expenditure Limitations for the Renewables Portfolio Standard Program, dated January 24, 2012 (“January 24 Ruling”), the Marin Energy Authority (“MEA”) respectfully submits to the California Public Utilities Commission (“Commission”) the following reply to the comments of the City and County of San Francisco (“CCSF”) and the Alliance for Retail Energy Markets (“AReM”). This reply addresses two aspects of these comments: (a) the need for competitive neutrality in developing the procurement expenditure limitation rules available to investor-owned utilities (“IOUs”), and (b) the need to ensure that the renewables portfolio standard (“RPS”) costs are calculated appropriately.

I. MEA SUPPORTS CCSF’S AND AREM’S URGINGS TO ENSURE THE IMPLEMENTATION OF THE PROCUREMENT EXPENDITURE LIMITATION DOES NOT CREATE A COMPETITIVE ADVANTAGE FOR IOUS

Both AReM and CCSF – as MEA did in its opening comments – note that there is significant potential for the procurement expenditure limitations rules to create unintended anticompetitive impacts. While MEA recommended that this issue be addressed in a future

phase of this proceeding, MEA supports two key factors of the AReM proposal: (1) that the Commission use publicly available information for this calculation “to ensure that the expenditure limitation is clear and transparent,”¹ and (2) the call for administrative simplicity of the procurement expenditure limitation rules.² Through this transparency, the Commission can mitigate unintended competitive advantages for the IOUs. These two components can be squarely addressed in the current development of this proceeding.

II. MEA SUPPORTS AREM’S ANALYSIS OF EXCLUSION OF CERTAIN COSTS FOR PURPOSES OF THE PROCUREMENT LIMITATION

With regards to the procurement costs that should be considered for purposes of the procurement expenditure limitation, MEA strongly supports the proposal of AReM to net out RPS revenues received by the IOUs from their calculated costs under the procurement expenditure limitation rules.³ One example of this, as noted by AReM is the Power Charge Indifference Adjustment (“PCIA”). The PCIA is intended to recover above market costs of power from departing load, and consequently, the RPS-related costs recovered by the IOU through this non-bypassable charge should be subtracted from the total costs of the IOU. Similarly, MEA agrees that “any revenues that the IOUs receive from a sale to third parties of any excess RPS procurement” should be “deducted from the costs included in the calculation.”⁴

MEA thanks the Commission, Assigned Administrative Law Judge Simon and Assigned Commissioner Ferron for their consideration of this reply.

¹ AReM at 6.

² AReM at 2.

³ AReM at 3-4.

⁴ AReM at 3-4.

Respectfully submitted,

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