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OUTLINE OF TEMPLATE FOR REGULATORY APPROVAL OF POWER PURCHASE AGREEMENTS EXECUTED VIA THE RAM SOLICITATIONS

Outline

I. Purpose

[Brief overview of purpose of the Tier 2 advice letter, i.e., to seek approval X number of RAM contracts executed via the [TIME PERIOD] solicitation Reference Ordering Paragraph 3 of D. 10-12-048, “[e]ach corporation named herein shall file and serve one Tier 2 advice letter with the Commission including all executed contracts resulting from each auction up to the approved capacity limits.” Reference Ordering Paragraph 4 of Resolution E-4414: “The investor-owned utilities shall submit the executed renewable auction mechanism contracts through a Tier 2 advice letter within 45 days of contract execution.”]

II. Background

A. Decision 10-12-048 and Resolution E-4414

1. Purpose of RAM Procurement Process

2. IOU Procurement Obligations Under D. 10-12-048 and Resolution E-4414

[Discussion for each IOU’s advice letter will be slightly different to reflect different procurement targets under the Decision and Resolution]

III. RAM Solicitation Summary

A. Solicitation Process

1. Process Overview

[Brief overview of the IOU’s RAM solicitation describing process and events from roll-out to notification to successful bidders]

2. Auction Design

[More detailed description of specific features of the solicitation and auction, e.g., instructions, communications, websites, NDAs, conferences, WebEx, Independent Evaluator involvement, etc.]

3. The RAM Contract

[Summary of the IOU standard contract used in the RFO. See Appendix X for a copy of the standard contract.]

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B. Valuation Process

[Discussion of general points of IOU’s evaluation process, linking in concepts from D. 10-12-048, IOU’s implementation advice letters, and Resolution E-4414. General and high-level, as is appropriate for public section of the advice letter.]

C. Solicitation Results

1. Summary of Solicitation Participation

[Public information regarding solicitation participation, general stats on participants, megawatts, technology, location, etc. per Ordering Paragraph 21 of Resolution E-4414:

The investor-owned utilities shall make the following information public for all bids received and shortlisted: names of participating companies and the number of bids per company; number of bids received and shortlisted; project size, participating technologies, quantitative summary of how many projects passed each project viability screen, and location of bids by county provided in map format. This information shall be public in accordance with Decision 10-12-048 and shall be in the public version of the Tier 2 advice letter containing the executed contracts.]

2. Summary of Solicitation Selections

[Public information on projects actually selected, including names, no. of bids per company, project sizes, technologies, location, etc., per Ordering Paragraph 21 of Resolution E-4414 (see above).]

D. IOU Observations and Lessons Learned from RAM Solicitation

[Qualitative description by the IOU of lessons learned from the RFO and areas of suggested improvement for future RFOs to further the program’s goals]

E. RAM Program Forum

[Provide program forum date and location. Explain the purpose of the program forum, provide a preliminary list of topics to be covered, and clarify that feedback from the Program Forum can be used to modify program rules and standard contract for auctions 3 and 4.]

IV. Request for Commission Approval

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[INSERT APPROPRIATE LANGUAGE REGARDING THE APPROVAL IOU IS SEEKING]

V. List of Appendices

A. Solicitation Data and Project Development Milestones for Executed Contracts [PUBLIC]

[Fill out the tables provided by Energy Division in the attached excel spreadsheet]

B. IOU's RAM Standard Contract [PUBLIC]

C. Valuation Process Summary [CONFIDENTIAL]

[Confidential summary and discussion of IOU's valuation and selection process. Will include data on selection criteria and decision-making. Should also include spreadsheets, charts, graphs, and other data as applicable.]

D. Analysis of Customer Benefits [CONFIDENTIAL]

[Confidential summary and discussion of expected customer benefits of these agreements. Brief overview of IOU procurement needs prior to the RAM solicitation. Discussion of how these contracts fit within IOU's renewables and overall procurement needs. Compare pricing and terms and conditions to other procurement programs (i.e., market, RPS RFP, SPVP, FITs, PURPA, etc.)

NOTE: Each IOU should also provide Net Market Value (NMV) calculations for each project, even though projects were selected on the basis of price alone. The NMV metric allows for Commission assessment of the value to ratepayers of projects across various renewable procurement programs (RAM, RPS solicitations, SPVP, FiTs, etc.)

The NMV metric should be based on the following calculation that incorporates the benefits and costs of the product offered, where all units are in \$/MWh:

$$\text{Net Market Value} = (E+C) - (P+T+C+I)$$

Where:

*E = Energy Value
C = Capacity Value*

And

*P = Post-Time of Delivery Adjusted PPA Price
T = Transmission Network Upgrade Costs
C = Congestion Costs
I = Integration Costs]*

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E. Independent Evaluator Report [PUBLIC AND CONFIDENTIAL]

[Reference Ordering Paragraph 2 of D. 10-12-048:

The IOUs shall use an Independent Evaluator (IE) consistent with and pursuant to the requirements established in Decision (D.) 07-12-052, as modified by D. 08-11-008 to assess the integrity and competitiveness of each RAM auction as well as to assess the appropriateness/reasonableness of the bids selected from those auctions. The IE's report shall be submitted by the respective utility to the Commission along with the Tier 2 advice letter seeking approval of contracts resulting from each RAM auction.

Use the CPUC Independent Evaluator Report Template applicable to this solicitation.]

[Also add public sub-section for the IE to provide qualitative description of lessons learned from the RFO and areas of suggested improvement for future RFOs to further the program's goals]

F. Executed Contracts [CONFIDENTIAL]

VI. Tier Designation

[Decision specifies Tier 2.]

VII. Effective Date

[ADD STANDARD LANGUAGE REGARDING EFFECTIVE DATE FOR TIER 2 ADVICE LETTERS.]

VIII. Notice

Appendices

[See above for description of appendices A-F]