

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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April 17, 2012

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 Monday, April 16, 2012 at 4:00 p.m., DRA representatives met with Sara Kamins, advisor to Commissioner Ferron to discuss R.11-05-005; specifically, the proposed decision (PD) issued by ALJ DeAngelis on March 20, 2012 regarding the SB 32 Feed-in Tariff (FiT). DRA's representatives at the meeting were Nika Rogers, Matt Miley, and Cheryl Cox. 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. Rogers encouraged the Commission to make the following modifications to the proposed decision: (1) Reduce the incremental monthly price adjustment from \$4/MWh to \$2/MWh, (2) Eliminate the requirement that investor-owned utilities (IOUs) must wait 12 months to reassign unsubscribed megawatts from one product category to another, and allow IOUs to reassign megawatts once a soft cap of \$180/MWh is reached, and (3) Modify Conclusion of Law 49 to clarify that California Solar Initiative (CSI) and Self Generation Incentive Program (SGIP) customers are ineligible to apply for the PD proposed FiT program unless those customers have completed their ten-year service as a CSI or SGIP customer.

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

Respectfully submitted,

/s/ MATT MILEY

Matt Miley

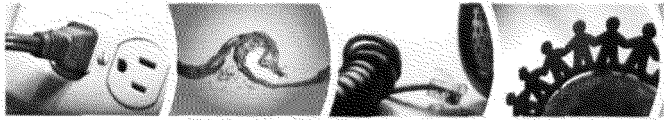
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April 17, 2012

ATTACHMENT

THE DIVISION OF RATEPAYER ADVOCATES

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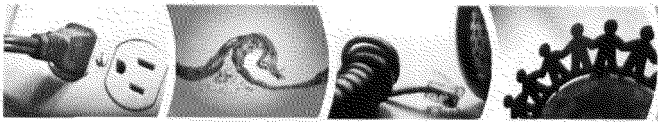
Feed-in-Tariff (FiT) Proposed Decision Implementation of SB 32

DRA Position: The Commission should adopt the Proposed Decision (PD) with three modifications.

Summary of the Proposed Decision

- Implements Senate Bill (SB) 32, PUC Code Section 399.20.
- Incorporates ratepayer protections, including:
 - ▶ Elects a market-based pricing methodology that complies with the ratepayer indifference clause of PUC Code 399.20 (d)(3).
 - ▶ Declines to adopt additional environmental compliance or locational price adders.
- Sets new FIT pricing mechanism: the Renewable Market Adjustment Tariff (Re-MAT).
 - ▶ Replaces Market Price Referent (MPR) as the FIT pricing mechanism.
 - ▶ Divides the IOUs' total program capacity allocation by product category (baseload, peaking as available, non-peaking as available).
 - ▶ Uses a base starting price of \$89.23/MWh, which is the weighted average of the IOUs' highest priced executed RAM contracts.
 - Adjusts for time of delivery (TOD).
 - Adjusts upwards or downwards by \$4/MWh each month or stays the same based on the amount of eligible projects and subscriptions in each product category.
- Requires IOUs to wait at least 12 months before reassigning any unsubscribed capacity in one product category to another.

(over)



DRA Proposed Modifications to the PD

1. Reduce the incremental monthly price adjustment from \$4/MWh to \$2/MWh.

- A \$4/MWh monthly price adjustment mechanism could quickly result in unreasonably high contract prices in some product categories.
- A \$2/MWh incremental monthly price adjustment is more gradual and less volatile.
- Tariff prices under a \$2/MWh monthly price adjustment more closely resemble prices for current RPS contracts.

Table Comparing \$2/MWh to \$4/MWh Monthly Price Adjustment Under Re-MAT

Month	Total Tariff Price at \$2/MWh	Total Tariff Price at \$4/MWh
3	\$95.23	\$101.23
6	\$119.23	\$149.23
9	\$161.23	\$233.23
12	\$221.21	\$353.23

2. Eliminate the requirement that IOUs must wait 12 months to reassign unsubscribed megawatts from one product category to another and allow IOUs to reassign megawatts once a soft cap of \$180/MWh is reached.

- Under a \$4/MWh monthly price adjustment, at month 12 the tariff price could reach a non-competitive cost of \$353.23/MWh, which is nearly **four times higher** than the \$89.23 base price.
- A \$180/MWh soft cap for Re-MAT will lead to more efficiency in the FiT program because it will ensure that:
 - ▶ Prices do not rise to unreasonable levels.
 - ▶ Unsubscribed megawatts do not sit idle in a product category that is not experiencing sufficient participation.

3. Modify Conclusion of Law 49 to clarify that CSI and SGIP customers are ineligible to apply for the FiT / Re-MAT unless they have completed their ten-year service as a CSI or SGIP customer.

- Explicit language is needed to eliminate a loophole that could result in unnecessary ratepayer costs.