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)

RESPONSE OF THE INDEPENDENT ENERGY PRODUCERS ASSOCIATION TO THE JOINT MOTION FOR RECONSIDERATION

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In their Joint Motion,[1] Shell Energy North America (US), L.P. and the Direct Access Customer Coalition ask the Commission to reconsider the Assigned Commissioner's ruling that energy service providers (ESPs) should be required to prepare and file Renewable Portfolio Standard (RPS) Procurement Plans, just as investor-owned utilities (IOUs) are required to do. The Independent Energy Producers Association (IEP) agrees with Assigned Commissioner Ferron that RPS Procurement Plans should be required of both ESPs and IOUs.

The requirement to file RPS Procurement Plans is especially critical over the next few years, as California transitions toward the 33% RPS goal in 2020. The California Independent System Operator (CAISO) is in the process of determining how increasing levels of variable renewable generation will affect the operation of the system, and what the costs of integrating variable renewable energy into the grid will be. Some parties, including some ESPs and their representatives, have asserted that renewable generators should be allocated the

[1] *Joint Motion of Shell Energy North America (US), L.P. and the Direct Access Customer Coalition for Reconsideration of Assigned Commissioner's April 5, 2012 Ruling,* filed on April 17, 2012.

renewable integration costs. These parties claim that it is the generators' variability that requires the CAISO to compensate by procuring additional resources to maintain the stability of the grid. Other parties note that generators operate in response to the demand for electricity, so integration costs should be allocated to the load that creates the demand for electricity and on whose behalf renewable energy and related policies are implemented. The latter parties also observe that the procurement decisions of load-serving entities (LSEs), including ESPs, determine the type, location, and characteristics of the renewable resources that are claimed to give rise to the need for additional integration services that would not otherwise be needed.

The amount of incremental costs attributed—correctly or not—to renewable generation is directly affected by the procurement choices of all LSEs—including ESPs. LSEs that ignore the integration costs associated with specific resources will make selections that exacerbate, rather than minimize, the integration costs the CAISO incurs in operating the grid. The Commission, the general public, and the entities that ultimately are responsible for the costs of renewables integration have a keen interest in scrutinizing the RPS procurement plans of all LSEs to make sure that the LSEs are procuring wisely and are minimizing integration costs as much as possible.

Thus, it is critical that (1) ESPs and IOUs alike are required to prepare and file RPS procurement plans, as the Assigned Commissioner ruled, and (2) the information in those plans is made publicly accessible to the greatest extent possible, so that all interested parties can review the plans and verify that the LSEs are properly planning their renewable procurement in a way that minimizes renewable integration costs.

For these reasons, IEP respectfully urges the Commission to deny the Joint Motion. The Assigned Commissioner's original ruling is well supported by important policy considerations.[2]

Respectfully submitted this 2nd day of May, 2012 at San Francisco, California.

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By */s/ Brian T. Cragg*
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[2] The Joint Motion is premised on the assertion that ESPs are not "electrical corporations" and that the statute requires only "electrical corporations" to file RPS Procurement Plans. However, the Joint Motion fails to confront that fact that ESPs fall within the basic definition of "electrical corporation" in Public Utilities Code section 218(a) because they are entities "owning, controlling, operating, or managing any electric plant for compensation within this state." "Electric plant" is defined in section 217 to include "all real estate, fixtures and personal property owned, controlled, operated, or managed in connection with or to facilitate the . . . delivery, or furnishing of electricity for light, heat, or power." Thus, because ESPs own, control, operate or manage fixtures or property connected with or used to facilitate the delivery or furnishing of electricity for compensation in this state, under the foundational definitions of the Public Utilities Code, ESPs are "electrical corporations."

VERIFICATION

I am the attorney for the Independent Energy Producers Association in this matter. IEP 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 IEP for that reason. I have read the attached "Response of the Independent Energy Producers Association to the Joint Motion for Reconsideration," dated May 2, 2012. I am informed and believe, and on that ground allege, that the matters stated in this document are true.

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

Executed on this 2nd day of May, 2012, at San Francisco, California.

/s/ Brian T. Cragg
Brian T. Cragg

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