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 May 5, 2011)

NOTICE OF *EX PARTE* COMMUNICATION

Pursuant to Rules 8.2(c), 8.3, and 8.5 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) gives notice of the following oral and written *ex parte* communication, which occurred on May 1, 2012 from 1:30 p.m. to approximately 3:30 p.m. at the Commission's San Francisco office. Commissioner Ferron's office initiated the all-party meeting to discuss the proposed decision that would revise the Feed-in Tariff program. Nika Rogers spoke on behalf of DRA and consistent with the attached document distributed at the meeting, explained that DRA supported the proposed decision but recommended some modifications to protect ratepayers, including the use of one category for all product types, decreasing the proposed price adjustment mechanism from $4 per MWh to $2 per MWh; instituting a price cap, and reallocating unused MW in response to a price cap.

Decision makers at the all party meeting included Commissioner Mark Ferron and his advisors Sara Kamins and Michael Colvin; Commissioner Mike Florio and his advisor Matthew Tisdale; Commission President Michael Peevey's Chief of Staff Carol Brown and his advisor Scott Murtishaw; Commissioner Catherine Sandoval's advisor Collette Kersten; Commissioner Timothy Simon's advisor Rahmon Momoh; Administrative Law Judge Regina DeAngelis; Administrative Law Anne Simon; and Administrative Law Judge Julie Fitch.

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

Respectfully submitted,

/s/ DIANA L. LEE

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May 2, 2012

DRA Recommendations for Feed-in Tariff Program

Issue	DRA's Preferred Outcome	Other Proposals that Protect Ratepayers
Product Categories	**One Product Category for All Product Types (DRA, SCE, PG&E)** ▪ Pool of eligible projects is too limited in certain product categories to justify three individual product categories. ▪ Limits ratepayer exposure to prices that do not reflect actual market conditions. ▪ Tariff would be subscribed faster thus limiting the amount of MWs that would sit idle in an underperforming product category.	
Monthly Price Adjustment Mechanism	**+/- $2/MWh per Month (DRA, SCE, SDG&E)** ▪ Price would not be as volatile or fluctuate as rapidly between months. ▪ Contains costs and maximizes value for ratepayers: At $2/MWh price adjustment, price at month 6 = $119.23/MWh. At $4/MWh price adjustment, price at month 6 = $149.23/MWh. ▪ $4/MWh per month could incentivize sellers to delay subscription to drive up prices.	**+/- $4/MWh for the First Month, Followed by +/- $8/MWh for Each Subsequent Month (PG&E)** ▪ Less administrative burden on the IOUs to readjust the tariff price for three product categories each month. ▪ Price adjustment should be incremental not exponential: exponential price increase can result in price run-ups in a single adjustment period.
Price Cap	**Institute a $180/MWh Price Cap** ▪ Equal to double the base price of $89.23/MWh. ▪ Limits ratepayer exposure to high priced contracts in certain product categories. ▪ Complements any incremental price adjustment mechanism adopted whether it is a $2/MWh or $4/MWh monthly price adjustment mechanism.	**<u>PG&E</u>: $133.85/MWh** ▪ $133.85/MWh is equal to 150% of the base price. ▪ Reasonable price cap given current price curves for renewable projects. **<u>SDG&E</u>: $173 or $179/MWh (*Megawatt Reassignment Mechanism)*** ▪ Re-MAT needs ratepayer protection measures similar to those built into other renewable market procurement. **<u>SCE</u>: $192.50/MWh** ▪ Limits customers' total exposure to excessive pricing. ▪ Pre-approved price cap used in SCE's Solar PV program.

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Issue	DRA's Preferred Outcome	Other Proposals that Protect Ratepayers
Reallocation	**Make Reallocation Dependent upon Price, Not Time** *Reallocate MWs after the price in a product category reaches $180/MWh* ▪ More efficient and 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. ➢ Ratepayers are protected from high priced contracts in certain product categories.	**SCE:** **Any unsubscribed capacity for a month should be shifted to a new incremental month at the end of the program period.** ▪ Limits ratepayer exposure to significant amounts of capacity offered at excessive prices. ▪ Allows technologies to become more cost competitive by extending the program duration. **SDG&E:** **Under $2/MWh monthly increment, 100% of megawatts reallocated after 9 consecutive price increases (Q4 starting price of $179/MWh).** **Under $4/MWh monthly increment adjustment, 100% of megawatts reallocated after 6 consecutive price increases (Q3 starting price of $173/MWh).** ▪ Limits incentives for developers to collude and limits ratepayer exposure to out of market prices. **PG&E:** **In first program period, any unsubscribed megawatts are divided among all remaining bi-monthly periods for the same product type bucket.** **At the end of the second program period any unsubscribed megawatts should be allocated to a single bucket available to any product type available at a price equal to the lowest price of the three product type categories.** ▪ Ensures that customers are not stuck with high-priced FiT program contracts for product type buckets that are not competitive.

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