

**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)

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
DIRECT ENERGY BUSINESS, LLC**

(PUBLIC)

In accordance with the April 5, 2012 Assigned Commissioner’s Ruling, Direct Energy Business, LLC (“Direct Energy”) hereby submits this Renewables Portfolio Standard (“RPS”) Procurement Plan for the period of 2012-2022.

1. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)

Direct Energy procures RPS supply based on the term of its retail customer contracts, with the majority of contracted load being within a rolling 24-month time horizon. For the 2011 to 2013 compliance period Direct Energy is approximately 80% hedged against a forecast compliance period RPS obligation (weighted average of all three content categories). Direct Energy has not yet completed a long-term (10-year) contract to meet the minimum long-term contract requirement. Direct Energy does not hedge fixed price energy exposure through RPS contracts so the energy price in all contracts is at index.

2. Potential Compliance Delays - § 399.13(a)(5)(B)

Direct Energy expects to meet its RPS compliance requirements for the 2011 to 2013 compliance period.

3. Project Development Status Update - § 399.13(a)(5)(D)

Direct Energy has not contracted with any renewable energy resources that are not already in commercial operation.

4. Risk Assessment - § 399.13(a)(5)(F)

Since Direct Energy has not contracted with any renewable energy resources that are not already in commercial operation this section is not applicable.

5. Quantitative Information - §§ 399.13(a)(5)(A),(B), (D) and (F)

Please see the attached spreadsheet for the responsive quantitative information.

With respect to other implementation-related issues for the new RPS program, Direct strongly urges the Commission to instruct Energy Division to provide a voluntary, advisory contract assessment process. The purpose of this process would be to provide an LSE additional comfort regarding product content category for a draft commercial structure based on Energy Division's staff assessment of the existing program rules and an examination of the structure and discussion with the LSE. This process can be very important for those LSEs subject to CPUC enforcement but not under a mandatory contract approval process. Because the IOUs have a mandatory Commission review and approval process to protect their ratepayers, the IOUs do not face the risk of contracting for ineligible products after executing and performing under a contract that may have a technical flaw and incurrent costs stranded by ex post regulatory action. Moreover, an advanced, documented examination can be of assistance to ED when later verification processes are taken, perhaps years after contract execution. Accordingly, Direct

Table 1: Direct Energy RPS Procurement Plan Update

Component	2011-2013	2014-2016	2017-2020	2021+	Methodology/Calculation
Load Estimate		261,925	-	-	-2011-2013 load based on estimate, 2014-2016 based on contracted -Total Obligations based on requirements provided by CPUC
Total RPS Obligation		65,481	-	-	
Category 1 (Min) Supply		38,270	-	-	-Modeled 50% of total RPS obligation for 2011-2013
Net Position		38,270	-	-	
Short %	12%	100%	-	-	
Category 2 (Max) Supply		11,775	-	-	-Modeled as 25% of total RPS obligation for 2011-2013
Net Position		11,775	-	-	
Short %	29%	100%	-	-	
Category 3 (Max) Supply		8,832	-	-	-Modeled as 25% of total RPS obligation for 2011-2013
Net Position		8,832	-	-	
Short %	23%	100%	-	-	
Long-Term (min) supply		28,346	-	-	-0.25% of 2010 (2,747,200) for 2011-2013 compliance period -0.25% of 2011-2013 load for the 2014-2016 compliance period
Net Position		28,346	-	-	
Short %	100%	100%	-	-	