

**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
COMMERCIAL ENERGY OF MONTANA, INC.**

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Dated: May 23, 2012

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COMMERCIAL ENERGY OF MONTANA, INC.**

In accordance with the April 5, 2012 Assigned Commissioner’s Ruling, Commercial Energy of Montana, Inc. (“CEM”) 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)

CEM currently serves a small portion of the state’s direct access (DA) load and expects that will not increase unless and until the legislature increases the amount of load that is eligible for DA service, CEM does not expect that portion to change significantly during the ten-year planning period covered by this RPS Procurement Plan. CEM has been able to meet its pre-2011 RPS obligations and made significant progress toward its RPS obligations for the 2011-2013 compliance period through a mix of bundled and REC-only transactions.

Similarly, CEM plans to meet its future RPS obligations through a mix of bundled and REC-only transactions. The exact portfolio mix will depend on pricing and availability for various products. CEM’s goal is to meet most if not all of the RPS-eligible energy procurements from in-state resources and/or resources that have their first point of interconnection with a

California balancing authority. CEM expects to eventually meet most if not all of its RPS compliance through capital investments in new renewable generation capacity during the planning period.

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

Given the simplicity of CEM's RPS procurement strategy described above, CEM does not anticipate any compliance delays. If, however, fundamental barriers to the development of new renewable generation facilities that may be needed to meet the state's 33% RPS goal arise during the 2012-2022 planning period, any corresponding deficiency in the overall amount of RPS products could possibly result in compliance delays for CEM. If and when any such potential compliance delays become evident, CEM will identify those barriers and address in future RPS Procurement Plans the steps it plans to take to account for and minimize their impact on the company's RPS compliance.

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

CEM has no information to report in this section, as CEM has not entered into any contracts with facilities that are not yet in commercial operation.

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

CEM has no information to report in this section, as CEM has not entered into any contracts with facilities that are not yet in commercial operation.

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

CEM's forecast load and associated RPS obligations, as set forth in our March 2012 Progress report, were calculated assuming our current load does not change significantly over the period.

Respectfully submitted this 23rd day of May, 2012 at San Francisco, California.

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By /s/ Michael B. Day

Michael B. Day

Attorneys for Attorneys for Commercial Energy
of Montana, Inc.

VERIFICATION

I am the attorney for Commercial Energy of Montana, Inc. in this matter. Commercial Energy of Montana, Inc. 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 Commercial Energy of Montana, Inc. for that reason. I have read the attached "RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF COMMERCIAL ENERGY OF MONTANA, INC.," dated May 23, 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 23rd day of May, 2012, at San Francisco, California.

/s/ Michael B. Day

Michael B. Day