

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue  
Implementation and Administration of  
California Renewables Portfolio Standard  
Program.

R.11-05-005

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**NOTICE OF EX PARTE COMMUNICATION**

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Date: June 19, 2012

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In accordance with Rule 8.4 of the Commission's Rules of Practice and Procedure, Shell Energy North America (US), L.P. ("Shell Energy") files this notice of an ex parte communication that occurred in the above-referenced proceeding on Tuesday, June 19, 2012. The ex parte communication was oral. No written materials were provided. The communication occurred in Room 5202 on the fifth floor of the Commission's San Francisco headquarters.

**I.**

The ex parte communication occurred through a meeting between a representative of Shell Energy and Matthew Tisdale, advisor to Commissioner Florio. Shell Energy's representative was John Leslie, the undersigned outside attorney. Mr. Leslie met with Mr. Tisdale from approximately 11:00 a.m. to 11:20 a.m. The communication was initiated by Mr. Leslie. The meeting lasted approximately 20 minutes.

**II.**

The purpose of the meeting was to discuss Presiding Judge Anne Simon's April 24, 2012 proposed decision ("PD") on "compliance rules" for the RPS program, including the "count in full" language for pre-June 1, 2010 RPS contracts under SBX1 2. The following matters were addressed:

The undersigned asked that the Commission clarify the PD to ensure that the volumes under contracts executed before June 1, 2010, which “count in full” toward an LSE’s RPS compliance obligation, may be applied to any product content category elected by the LSE (Bucket One; Bucket Two or Bucket Three). The undersigned explained that at the time pre-June 1, 2010 contracts were entered into, the contracts were fully eligible for RPS compliance, without restriction. The undersigned also stated that typically, the prices under RPS contracts entered into prior to June 1, 2010 were consistent with the current prices associated with Bucket One products. The undersigned stated that in order to retain the value of these pre-June 1, 2010 contracts, the pre-June 1, 2010 contract volumes should be counted against an LSE’s overall RPS procurement obligation in a compliance period, as well as against an LSE’s Bucket One requirement, thereby reducing the LSE’s obligation to procure additional Bucket One supplies in that compliance period.

The undersigned provided the following example:

Assume that an LSE has 100 MW of qualified pre-June 1, 2010 contract quantities, for which the LSE paid the equivalent of a “Bucket One” price.

Assume further that the LSE has an RPS obligation in the first compliance period of 200 MW.

Also assume that the LSE applies its 100 MW of pre-June 1, 2010 contract quantities to its RPS obligation, which reduces the LSE’s remaining RPS obligation in the compliance period to 100 MW.

a. If the LSE cannot apply these pre-June 1, 2010 contract quantities to Bucket One, then the LSE must purchase at least 50 MW of Bucket One supplies. This means that the LSE has paid a Bucket One price for 150 MW of RPS supplies (75% of its RPS obligation).

b. If the LSE can apply the pre-June 1, 2010 contract quantities to Bucket One, then the 100 MW will be applied to Bucket One, fulfilling the LSE’s entire Bucket One requirement

(50%). The LSE will be able to fill-in its remaining RPS supplies (100 MW) with Bucket Two and Bucket Three supplies, at a lower cost to ratepayers.

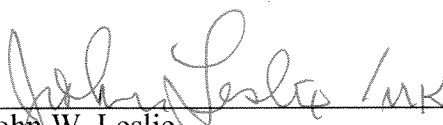
The undersigned explained that unless the PD is clarified, an LSE that applies its pre-June 1, 2010 contract volumes to satisfy its RPS procurement obligation in an RPS compliance period will have to include a disproportionate share of relatively more expensive RPS resources in its RPS portfolio. The undersigned stated that an LSE's customers should not have to pay more just because the LSE relies upon pre-June 1, 2010 contracts for all or a portion of its RPS compliance obligation. The PD should be clarified in order to preserve the value of LSE's pre-June 1, 2010 RPS contracts.

### III.

To obtain a copy of this notice, please contact:

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Respectfully submitted,

  
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