

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 22, 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 Wednesday, June 20, 2012. The ex parte communication was oral. No written materials were provided, although the undersigned made reference to the “opening comments” that were filed by Shell Energy in this proceeding on May 14, 2012. The communication occurred in the office of Commission advisor Scott Murtishaw 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 Scott Murtishaw, advisor to President Peevey. Shell Energy’s representative was John Leslie, the undersigned outside attorney. Mr. Leslie met with Mr. Murtishaw from approximately 9:30 a.m. to 9:45 a.m. The communication was initiated by Mr. Leslie. The meeting lasted approximately 15 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 stated that Shell Energy generally supports the Presiding Judge’s revised PD. The undersigned asked, however, that the Commission modify the PD to provide that the quantities 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 noted that the PD expresses the intention to “preserve the value” of LSEs’ pre-June 1, 2010 contracts. The undersigned stated that in order to preserve the value of these contracts, the pre-June 1, 2010 contract quantities 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 noted that if an LSE cannot apply its pre-June 1, 2010 contract quantities to Bucket One, then the LSE must purchase additional Bucket One supplies in order to meet its portfolio content category obligation. This means that the LSE will have paid a Bucket One price for more than 50 percent of the RPS supplies used to meet its RPS obligation in the first compliance period. This additional cost will be passed through to the LSE’s customers (ratepayers).

The undersigned also noted that if, as Shell Energy proposes, the LSE can apply its pre-June 1, 2010 contract quantities to Bucket One, then the LSE will only pay the Bucket One price for 50 percent of its RPS supplies, thus reducing the cost to its ratepayers.

The undersigned stated that it appears that when the PD was revised on June 6 (Revision 2), the additional language in Section 3.3.2.2 was intended to limit the use of pre-

June 1, 210 contracts to reducing an LSE's overall RPS procurement obligation. The undersigned stated that pre-June 1, 2010 contract volumes should be eligible to be used "for all compliance purposes," as expressed elsewhere in the PD.

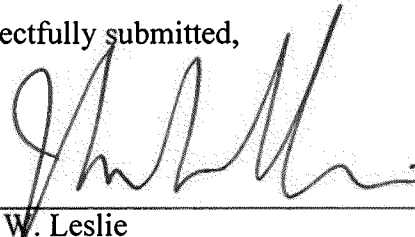
The undersigned stated that unless the PD is modified, an LSE that applies its pre-June 1, 2010 contract volumes to satisfy its RPS procurement obligation in an RPS compliance period will have to include a disproportionate share of relatively more expensive (Bucket One) RPS resources in its RPS portfolio. 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 undersigned asked that the CPUC modify the PD in order to "preserve the value" of LSEs' 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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