

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

SHELL ENERGY NORTH AMERICA (US), L.P.
REVISED 2012 RPS PROCUREMENT PLAN

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Date: ~~May 23,~~August 15, 2012

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In accordance with the Assigned Commissioner's April 5, 2012 Ruling ("ACR") requiring ESPs to file RPS procurement plans, Shell Energy North America (US), L.P. ("Shell Energy") submits its revised 2012 RPS procurement plan ~~(for 2012-2013)~~.

I.

INTRODUCTION

Shell Energy's revised 2012 RPS procurement plan addresses the following issues as directed in Sections 6.1 through 6.5 of the ACR:

1. Assessment of RPS supply and demand for a ~~ten~~twenty-year planning horizon.
2. Any potential issues that could delay RPS compliance.
3. Status of project development for RPS facilities under contract.
4. Assessment of the risk of failure to build or delays in construction of RPS projects under contract.
5. Show how the ESP's RPS portfolio needs and procurement net short are calculated.

II.

RPS PROCUREMENT PLAN

Shell Energy's revised 2012 RPS procurement plan is as follows:

1. Assessment of RPS supply and demand for a ~~twenty~~-year planning horizon:

Shell Energy is a retail electricity provider (ESP) that competes with the IOUs and with other ESPs to attract and serve retail customers that are eligible to participate in the direct access program. Retail customers that are eligible for direct access generally only commit to one-year contracts with ESPs. It is impossible to predict, therefore, the size of Shell Energy's retail customer load - - or the extent of its RPS procurement compliance obligation – over a ~~twenty~~-year planning horizon.

Shell Energy does not formally “model” or forecast future load. Currently, Shell Energy utilizes historical meter data for load currently under contract (or, for new customers, the customers' estimates based on the customers' prior year's usage). Shell Energy assumes all load currently under contract will be maintained for one year unless otherwise expressly notified. Shell Energy negotiates RPS supply contracts with existing eligible renewable energy projects based on this one-year load information in order to comply with the Commission's RPS compliance rules that are in effect at the time of RPS procurement.

Shell Energy's RPS procurement for 2012 is and will be based on its historical load information for 2011 (as reflected in Shell Energy's March 1, 2012 RPS compliance report) and its RPS procurement obligation as described in D.11-12-020 (December 1, 2011) and D.12-06-038 (June 21, 2012). Thereafter, Shell Energy's retail load is impossible to forecast accurately.

2. Potential issues that could delay Shell Energy's RPS compliance: The issues that impede Shell Energy's efforts to meet its RPS procurement compliance obligation revolve around a lack of regulatory certainty. ~~For example, in Presiding Judge Anne Simon's April 24,~~

~~2012 proposed decision (“PD”) in this proceeding (addressing RPS compliance issues), the PD addresses the treatment of pre-June 1, 2010 RPS contracts. The PD does not clarify, however, whether pre-June 1, 2010 contracts may be counted against a particular portfolio content category obligation for RPS compliance. Shell Energy addressed this issue in its May 14, 2012 opening comments on the PD.~~

~~Another example is the lack of certainty as to how contracts signed between January 1, 2011 and December 10, 2011, which met the “delivery” requirement under the CEC’s RPS Eligibility Guidebook at the time of the contract, will be treated for RPS compliance. The Commission failed to address the treatment of these contracts in D.11-12-052 (December 15, 2011).~~

~~Specifically, the Commission determined that the first RPS compliance period commenced on January 1, 2011. See D.11-12-020 at p. 10. Yet the Commission also determined that the “delivery” requirement (as detailed in the CEC’s RPS Eligibility Guidebook (Fourth Edition) (pp. 36-38 and fn. 61)) was not repealed until December 10, 2011. See D.11-12-052 at p. 15. The Commission failed to address the RPS eligibility of (and portfolio content category for) contracts entered into between January 1, 2011 and December 10, 2011 that met the “delivery” requirement in the CEC’s RPS Eligibility Guidebook. These contracts were entered into in reliance on the rules that were in effect prior to the adoption of D.11-12-052. Yet the status of these contracts remains uncertain under the Commission’s rules.~~

3. Status of project development for RPS facilities under contract: Shell Energy does not currently have any contracts, executed on behalf of its retail load, for renewable supply with facilities that are not already operational.

4. Assessment of the risk of failure to build or delays in construction of RPS projects under contract: Please see response to Item No. 3 above.

5. Quantitative assessment (calculations) relied on to determine the LSE's RPS portfolio needs and procurement net short: In the absence of regulatory certainty, as noted in response to Item No. 2 above, Shell Energy takes a conservative approach in calculating its RPS procurement needs. Based on the current statute and Commission rules, Shell Energy multiplies its prior year's (2011) actual load (as reflected in its March 1, 2012 RPS report) by the RPS procurement requirement of 20 percent in the first RPS compliance period (which 20 percent procurement level Shell Energy also met in 2010) in order to determine its RPS portfolio needs for the next year 2012. Shell Energy's existing RPS supply under contract is then applied to the portfolio content categories as adopted in D.11-12-052 (December 15, 2011). The difference between the total portfolio needs and existing supply that can be counted in each category determines the "net short." (2012). For years thereafter, Shell Energy makes a best efforts forecast of its retail load and its RPS procurement requirement.

~~In view of the straightforward calculation involved in determining Shell Energy's RPS procurement requirement and its procurement net short, a chart or spreadsheet format is not necessary.~~

Shell Energy has existing RPS supplies under contracts entered into prior to June 1, 2010. Shell Energy may apply most of these existing contract volumes against its RPS procurement obligation in the current (2011-2013) RPS compliance period. Shell Energy may, however, elect to use these pre-June 1, 2010 contract volumes in other compliance years/periods so this deployment of the contract volumes is subject to change.

The attached chart provides the information requested in the Presiding Judge's August 2 Ruling, including a calculation of Shell Energy's RPS net short position. The attached chart reflects reliance upon Shell Energy's existing (pre-June 1, 2010) supplies to meet all or a portion of Shell Energy's RPS procurement obligation in the current (2011-2013) and future compliance

periods. Given the flexibility of the initial three-year compliance period, however, it is possible that Shell Energy may redistribute some or all of its existing RPS supplies and purchase additional RPS supplies to meet its RPS procurement obligations.

III.

CONCLUSION

Shell Energy's 2012 RPS procurement plan, as described above, provides the basis for Shell Energy's RPS procurement to meet its ~~2012-2013~~ RPS compliance obligation.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served, this day, a copy of the foregoing **SHELL ENERGY NORTH AMERICA (US). L.P. REVISED 2012 RPS PROCUREMENT PLAN** on the Honorable Mark J. Ferron, the Honorable Burton W. Mattson, Administrative Law Judge and the Honorable Anne E. Simon, Administrative Law Judge, the Honorable Regina M. DeAngelis, Administrative Law Judge and the Honorable Maryam Ebke, by electronic mail and Federal Express, and on all parties on the service list for R.11-05-005, by electronic mail only.

Executed on August 15, 2012, at San Diego, California.



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