

**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)

**2012 RENEWABLES PORTFOLIO STANDARD
PROCUREMENT PLAN UPDATE OF
DIRECT ENERGY BUSINESS, LLC**

(PUBLIC)

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In accordance with the April 5, 2012 Assigned Commissioner’s Ruling and August 2, 2012 Administrative Law Judge’s Ruling, Direct Energy Business, LLC (“Direct Energy”) hereby submits this 2012 Renewables Portfolio Standard Procurement Plan Update (“RPS Plan Update”) for the period of 2012-2022. Other than the revised “net short” calculation required by the August 2, 2012 ALJ’s Ruling and attached hereto, Direct Energy has no changes to the 2012 RPS Procurement Plan filed on May 23, 2012.

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 requests that the Commission consider establishing a voluntary, timely process for examination of proposed commercial structures or contracts.

Respectfully submitted,

/s/

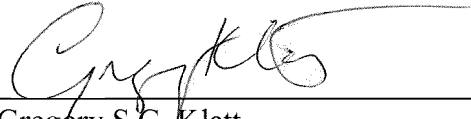
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August 16, 2012

VERIFICATION

I, Gregory S. G. Klatt, counsel for Direct Energy Business, LLC, am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing 2012 Renewables Portfolio Standard Procurement Plan Update of Direct Energy Business, LLC (Public), filed in Rulemaking 11-05-005, are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

Executed on August 16, 2012, at Woodland Hills, California.



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DIRECT ENERGY BUSINESS, LLC

Table 1: Direct Energy RPS Procurement Plan - New Short Calculations
All figures are in MWh

Component	20%	20%	20%	22%	23%	25%	27%	29%	31%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%	Methodology/Calculation			
	2011	2012	2013	CP1	2014	2015	2016	CP2	2017	2018	2019	2020	CP3	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Year End Load Estimate	3,836,232	3,836,232	3,836,232	11,506,699	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	15,344,928	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	3,836,232	Forward load is estimated year end, assumes renewals/new sales
Total Estimated RPS Obligation	893,842	959,058	2,685,362	1,035,783	1,112,507	1,189,232	1,265,957	4,603,478	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	Total Obligation based on requirements provided by CPs/C
Margin of Over-Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Over-procurement not required, all supply contracts are with operational projects
Net Estimated RPS Obligation	893,842	959,058	2,685,362	1,035,783	1,112,507	1,189,232	1,265,957	4,603,478	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	1,265,957	
Banked from prior CP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
RPS Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net RPS short	(893,842)	(959,058)	(2,685,362)	(1,035,783)	(1,112,507)	(1,189,232)	(1,265,957)	(4,603,478)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	(1,265,957)	All units are operational (supply is a mix of C1, C2 and C3)	

Notes: