



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

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Subject: Public Comments of the Division of Ratepayer Advocates on Draft Resolution E-4522

The Division of Ratepayer Advocates (DRA) submits these comments in partial support of Draft Resolution E-4522.

SUMMARY OF DRA'S RECOMMENDATIONS

The Commission should adopt Draft Resolution E-4522, with modification to reject the Sonoran West PPA.

BACKGROUND

On July 20, 2012, the California Public Utilities Commission (Commission) issued Draft Resolution E-4522 (Draft Resolution) which approves three of five power purchase agreements (PPAs) Southern California Edison Company (SCE) executed with Solar Partners LLC (Solar Partners). The Draft Resolution denies SCE cost recovery for the Solar Partners XVI and XVII projects (Rio Mesa 1 and 2, respectively) and approves cost recovery for Solar Partners XVIII, XIX and XX projects (Siberia 1, Siberia 2, and Sonoran, respectively). All five PPAs were filed together as Advice Letter (AL) 2339-E and modified through supplemental ALs 2339-E-A, 2339-E-B, and 2339-E-C. The Draft Resolution denies the Rio Mesa 1 and 2 PPAs because these projects compare poorly on price and value as compared to other solar thermal projects offered in SCE's 2011 Renewables Portfolio Standard (RPS) Request for Offer (RFO) solicitation.

DRA supports the Commission's finding that the Rio Mesa 1 and 2 contracts should be rejected and SCE denied cost recovery for these contracts. However, DRA urges the Commission to adopt the Independent Evaluator's (IE) recommendation to reject the Sonoran West PPA as well.

POSITION & RECOMMENDATION

DRA supports the Draft Resolution's denial of SCE cost recovery for the Rio Mesa 1 and 2 projects. DRA commends the Commission for rejecting these contracts for being uncompetitive in price and as compared to other offers available to SCE in its 2011 RPS RFO solicitation.

Because SCE is on track to meet its RPS target, SCE can afford to be more selective with the bids it chooses to shortlist. For that reason, each offer on the shortlist should provide the upmost value to ratepayers. The Rio Mesa 1 and 2 projects proved to be uncompetitive with other bids on SCE's 2011 RPS shortlist in terms of least-cost best-fit (LCBF) methodology and renewable premium ranking. Accordingly, the Draft Resolution correctly rejects these PPAs and denies SCE cost recovery for these contracts.

However, based on the IE's report, DRA does not support the Draft Resolution's approval of the Sonoran West PPA. The IE report demonstrates the relative low overall value of the Sonoran West PPA as compared to both SCE's overall RPS shortlist and when compared against other solar thermal bids SCE received. DRA also notes that the Draft Resolution does not adequately address concerns raised by the IE on the Sonoran West transmission cost cap that is exorbitantly high [REDACTED].¹ Based on the IE's report, the transmission adder for the Sonoran West project is the same as that of the Rio Mesa 1 and 2 projects and this [REDACTED]. The transmission costs associated with the Sonoran West project are uncompetitive and thus unreasonably costly for ratepayers. For these reasons, and consistent with the IE's report, SCE's ratepayers would benefit if the Commission were to reject the Sonoran West contract.

CONCLUSION

For the above stated reasons, DRA supports Draft Resolution E-4522 with minor modifications and recommends the Commission adopt this resolution with DRA's proposed changes.

/s/ Joseph Abhulimen for Cynthia Walker

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Service List R.11-05-005

¹ Draft Resolution, p. 16.