

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)

**COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES
ON SOUTHERN CALIFORNIA EDISON COMPANY'S
RESPONSE TO ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING ADDITIONAL INFORMATION FROM
SOUTHERN CALIFORNIA EDISON COMPANY REGARDING
PROPOSAL NOT TO HOLD A 2012 RPS SOLICITATION**

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September 10, 2012

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I. INTRODUCTION

Pursuant to the Administrative Law Judge's Ruling Requesting Additional Information from Southern California Edison Company Regarding Proposal Not to Hold a 2012 RPS Solicitation (Ruling), issued on August 31, 2012, the Division of Ratepayer Advocates (DRA) submits this response to Southern California Edison Company's (SCE) response on the Ruling, filed on September 5, 2012. In the Ruling, the ALJ states that additional information is needed in order to understand if SCE's decision not to hold a 2012 RPS Solicitation will potentially decrease procurement options and increase ratepayer costs.

II. DISCUSSION

In its response, SCE provides two reasons why it will not be holding a utility-scale RPS request for offers (RFO) in 2012. First, SCE states that it intends to focus its near-term efforts on Commission-approved and legislatively mandated smaller-scale

renewable generation programs like the Renewable Auction Mechanism (RAM), Renewable Market Adjustment Tariff (Re-MAT) and Solar Photovoltaic Program (SPVP).¹ SCE also states that it does not have a renewable procurement need in the first and second compliance periods (2011 – 2013 and 2014 – 2016, respectively). Therefore, SCE has no near-term need for large-scale renewable generation.² SCE plans to resume procurement of large-scale renewable projects in the 2014 – 2015 cycle to meet its needs in compliance period (CP) 3, from 2017 – 2020.

Based on the information SCE provided in its response, DRA supports SCE’s decision to forgo an RPS RFO for the 2012 – 2013 cycle. All three investor-owned utilities (IOUs)—Pacific Gas and Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and SCE—have publicly announced that they have a need for resources in CP 3 but are sufficiently procured for CP 2.³ Accordingly, SCE should not be required to hold an RPS RFO in 2012 if the procurement associated with subsequent RFOs could also aid SCE in meeting its CP 3 goals in a timely manner. The three IOUs did not hold an RPS RFO in 2010, and DRA notes that the lack of RFOs in 2010 did not hinder the IOUs’ procurement of resources to meet their CP 1 and 2 targets. If anything, forgoing an RFO in 2010 allowed the IOUs to capture lower-cost contracts as solar PV prices began to decline in 2009. Therefore, DRA finds that SCE’s customers will benefit in two ways from SCE’s proposal. First, SCE’s customers will not have to bear the costs associated with over-procurement and may be able to capture cost reductions associated with declining prices for renewable resources. Second, as SCE notes, both PG&E and SDG&E are planning to hold RPS RFOs in 2012, so renewable developers will have the opportunity to bid their utility-scale projects into this solicitation.

¹ SCE’s Response to ALJ’s Ruling, p. 3.

² Ibid, p. 3 – 4.

³ See PG&E’s Net Short Workshop Presentation from the Energy Division’s workshop on the Renewable Net Short, June 12, 2012: <http://www.cpuc.ca.gov/PUC/energy/Renewables/index.htm>; SCE response to the ALJ, p. 4; SCE’s Amended RPS Procurement Plan (filed August 15, 2012), p. 83; and SDG&E Amended RPS Procurement Plan (filed August 15, 2012), p. 12.

Although DRA supports SCE’s decision to not issue an RPS RFO for the 2012 – 2013 cycle, DRA is concerned with SCE’s statement that it will consider bilateral contracts during the 2012 – 2103 time period. Specifically, SCE states that it is “open to considering offers for bilateral contracts that provide a unique, fleeting, or compelling value to customers.”⁴ DRA requests that the Commission order SCE to clarify how it would define a “unique, fleeting, or compelling value to customers” in this context. Bilateral contracts have traditionally been long-term, utility-scale offers. Accordingly, SCE’s statement that it will consider bilateral contracts during the 2012 – 2013 time period appears to contradict SCE’s current procurement needs. DRA’s primary concern with SCE considering bilateral contracts in this situation is that it will be difficult for DRA, the Commission, and possibly even SCE to ascertain how the qualities of the bilateral contracts compare on a price and quality basis to other long-term, utility-scale procurement opportunities in the absence of an RFO. The IOUs have historically compared bilateral offers to those in their RPS RFO shortlist; accordingly, the absence of an RFO and subsequent shortlist would make it difficult to determine how competitive a bilateral offer is to current market prices. DRA recommends that SCE’s consideration of bilateral offers in the years in which it is not holding an RPS RFO, be limited to short-term offers and emergency procurement circumstances such as the case where SCE needs to make up for shortfalls in yearly procurement. Furthermore, these bilateral offers should be comparable to those projects SCE will continue to procure through the 2012 – 2013 cycle to give DRA and other parties the opportunity to compare the bilateral proposal to projects with similar qualities, instead of in a vacuum.

III. CONCLUSION

For the above reasons, DRA recommends that the Commission approve SCE’s request to forgo an RPS solicitation for the 2012 – 2013 cycle. In addition, DRA recommends the Commission limit SCE’s ability to execute long-term utility-scale

⁴ SCE’s Response to ALJ Ruling, p. 4.

bilateral contracts during this time period, in the manner discussed above, since this type of procurement would contradict with SCE's procurement needs at this time.

Respectfully submitted,

/s/ MATT MILEY

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September 10, 2012

VERIFICATION

I, Matt Miley, am counsel of record for the Division of Ratepayer Advocates in proceeding R.11-05-005, and am authorized to make this verification on the organization's behalf. I have read the **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON SOUTHERN CALIFORNIA EDISON COMPANY'S RESPONSE TO ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING ADDITIONAL INFORMATION FROM SOUTHERN CALIFORNIA EDISON COMPANY REGARDING PROPOSAL NOT TO HOLD A 2012 RPS SOLICITATION** filed on September 10, 2012. I am informed and believe, and on that ground allege, that the matters stated in this document are true

I declare under penalty of perjury that the foregoing are true and correct.

Executed on September 10, 2012 at San Francisco, California.

/s/ MATT MILEY
Matt Miley
Staff Counsel