

**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)

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
LIBERTY POWER HOLDINGS LLC**

PUBLIC VERSION

December 20, 2012

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Pursuant to the April 5, 2012 Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on new Proposals (“Assigned Commissioner’s Ruling”), the August 2, 2012 Administrative Law Judge’s Ruling (1) Adopting Renewable Net Short Calculation Methodology (2) Incorporating the Attached Methodology into the Record, and (3) Extending the Date for Filing Updates to 2012 Procurement Plans (“ALJ Ruling”), and Administrative Law Judge DeAngelis’ approval of Liberty Power Holdings LLC’s (“Liberty Power”) request for an extension of time to file its Renewables Portfolio Standard (“RPS”) Procurement Plan, Liberty Power submits the following RPS Procurement Plan. In accordance with the Assigned Commissioner’s Ruling, Liberty Power provides the following responses to sections 6.1 through 6.5.

I. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1 of the Assigned Commissioner’s Ruling)

Section 6.1 of the Assigned Commissioner’s Ruling provides:

Provide a written description assessing annual or multi-year portfolio supplies and demand to determine the retail seller’s optimal mix of eligible renewable energy resources. In addition, the assessment should consider, at a minimum, a 10-year planning horizon. This written description must include the retail seller’s need for RPS resources with specific deliverability characteristics,

such as, peaking, dispatchable, baseload, firm, and as-available capacity. It should also address the retail seller's need for and plan for procuring resources that satisfy the three portfolio content categories of RPS procurement. This written description must explain how the proposed renewable energy portfolio will align with expected load curves and durations. It must also explain how quantitative analysis provided in response to section 6.5 supports the assessment.

Response of Liberty Power:

Liberty Power does not own any renewable generation that would qualify under the California RPS program and is not developing any such generation. To meet its RPS procurement obligations, Liberty Power purchases renewable energy under third-party contractual agreements. These agreements range from short-term to long-term contracts and are designed to meet its RPS procurement obligations. Long-term contracts are necessary to ensure that Liberty Power satisfies the requirement to procure a minimum amount of long-term renewable contracts.

Although the Assigned Commissioner's Ruling requests forecast data for a "10-year planning horizon," Liberty Power does not typically forecast out 10 years. Liberty Power's load is fully contestable and fluctuates yearly, making it impractical and pointless to forecast out 10 years. Instead, Liberty Power uses a five year load forecast process, which includes a historical analysis of past, current and future expected load. This forecast process ultimately determines a final load forecast by considering a number of factors, including customer trends and available programs, climate, general market competitiveness, historical customer usage and load profiles, data from non interval meters as well as Settlement Quality Meter Data, and attrition rates and customer drop probabilities.

For RPS purposes, Liberty Power will follow its typical process when projecting retail sales and will purchase renewable energy on an annual basis based on projected sales, hedging

against risks with other procurement options. This procurement process will also account for the various requirements of the RPS program, including portfolio content category requirements. Resource adequacy (“RA”) obligations will be satisfied primarily through Liberty Power’s procurement of non-renewable energy as Liberty Power will put little emphasis on what type of capacity or ancillary service characteristics are associated with its renewable procurement.

Annually, as well as at the end of each compliance period, Liberty Power will true up its purchases and re-evaluate its retail sales data to help ensure it will satisfy the requirements of the RPS program.

II. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.2 of the Assigned Commissioner’s Ruling)

Section 6.2 of the Assigned Commissioner’s Ruling provides:

Describe in writing any potential issues that could delay RPS compliance, including inadequate transmission capacity and the relationship, if any, to deliveries and project development delays by, for example, permitting, interconnection, or other circumstances. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the compliance delays will impact the retail seller’s net short and its procurement decisions.

Response of Liberty Power:

Many of the potential issues described in Section 6.2 such as inadequate transmission capacity, permitting delays, interconnection delays and other circumstances do not apply to Liberty Power because Liberty Power does not own generation. Instead, Liberty Power will meet its RPS procurement requirements through the purchase of renewable energy on the open market from a third-party generator or seller. Liberty Power will strive to establish flexible long-term contracts and agreements to ensure that Liberty Power can remain compliant under the RPS

program rules. Barring a market shortage on eligible RPS products, Liberty Power does not envision a reason for a delay in complying with the RPS program.

III. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.3 of the Assigned Commissioner’s Ruling)

Section 6.3 of the Assigned Commissioner’s Ruling provides:

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract but not yet delivering generation. This written status update may rely upon the most recent filed Project Development Status Reports but must elaborate upon these reports. Providing a copy of the Project Development Status Report will not be a sufficient response. The status updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller’s net short and its procurement decisions. Project Development Status Reports shall continue to be filed twice a year based on a schedule directed by the Commission’s Energy Division Director.

Response of Liberty Power:

Liberty Power is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction. Furthermore, as an electric service provider, Liberty Power is not subject to the same requirements as investor-owned utilities and does not submit Project Development Status Reports. Accordingly, development schedules will not impact Liberty Power’s net short or its procurement decisions.

IV. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner’s Ruling)

Section 6.4 of the Assigned Commissioner’s Ruling provides:

Provide a written assessment of the risk of failure to build or of construction delay for eligible renewable energy resource projects currently under contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss

how the risk assessment will impact the retail seller's net short and its procurement decisions. The written assessment must explain how quantitative analysis provided in response to section 6.5 supports this response.

Response of Liberty Power:

Liberty Power does not have any existing contracts with facilities in development or under construction. Accordingly, this question is inapplicable to Liberty Power.

V. Quantitative Information - §§ 399.13(a)(5)(A),(B), (D) and (F) (Section 6.5 of the Assigned Commissioner's Ruling)

Section 6.5 of the Assigned Commissioner's Ruling provides:

In addition to the written descriptive responses to section 6.1 through 6.4, provide quantitative data, methodologies, and calculations relied upon to assess the retail seller's RPS portfolio needs and procurement net short. This quantitative analysis must take into account, where appropriate, the quantitative discussion requirement by sections 6.1-6.4, above. As stated above, the portfolio assessment should be for a minimum of ten years in the future. The responses must be clear regarding the quantitative progress made towards RPS requirements and the specific risks to the electrical corporation's RPS procurement portfolio. Risks may include, but are not limited to, project development, regulatory, and market risks. The quantitative response must be provided in an Excel spreadsheet or similar format.

The Commission's Energy Division Staff will hold a workshop for retail sellers and all interested parties to develop a methodology, inputs, and format, as needed, for reporting the quantitative information required here. This will include a discussion on the definition of the net short to be calculated for the RPS Procurement Plans and the extent to which it takes into account a utility's need to satisfy future electric load and/or RPS procurement requirements. The date of this workshop will be announced in the near future. Once a methodology is developed, it shall be incorporated in either the draft or final 2012 Procurement Plans, depending on the availability of the final methodology.

Response of Liberty Power:

As previously noted, Liberty Power’s retail electric load is fully contestable and forecasts of retail sales and procurement are highly speculative at best. Although Liberty Power does not feel that providing any forecasts data will be beneficial based on the highly speculative nature of any information provided, Liberty Power provides the following net short calculation to comply with the ALJ Ruling.¹

Annual RPS Risk-adjusted Net Short Calculation

Year	Annual RPS Risk-adjusted Net Short Calculation (MWh) (Bundled Retail Sales Forecast * RPS Procurement Quantity Requirement + Voluntary Margin of Over-Procurement) – (Online Generation + Risk-adjusted Forecast Generation + Pre-approved Generic Generation) ²
2011	(██████████ * 0.20 + 0) – (0 + 0 + 0) = ██████████ ³
2012	(██████████ * 0.20 + 0) – (0 + 0 + 0) = ██████████
2013	██████████ * 0.20 + 0) – (0 + 0 + 0) = ██████████
2014	██████████ * 0.217 + 0) – (0 + 0 + 0) = ██████████
2015	██████████ * 0.233 + 0) – (0 + 0 + 0) = ██████████
2016	(28,467 * 0.25 + 0) – (0 + 0 + 0) = 7,117
2017	(28,467 * 0.27 + 0) – (0 + 0 + 0) = 7,686
2018	(28,467 * 0.29 + 0) – (0 + 0 + 0) = 8,255

¹ ALJ Ruling, p. 3.

² See ALJ Ruling, Attachment A, pp. 5-6.

³ Based on the fact that Liberty Power’s load is fully contestable and forecasts are highly speculative, Liberty Power does not procure resources beyond what is required under the RPS program and accordingly does not have a specific “voluntary margin of over-procurement.” Furthermore, Liberty Power has no “risk-adjusted forecast generation” because Liberty Power has no contracts with facilities in development or forecast to come online and does not typically contract with such facilities. Additionally, Liberty Power has no “pre-approved generic generation”.

2019	$(28,467 * 0.31 + 0) - (0 + 0 + 0) = 8,825$
2020	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2021	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2022	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2023	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2024	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2025	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2026	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2027	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2028	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2029	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$
2030	$(28,467 * 0.33 + 0) - (0 + 0 + 0) = 9,394$

Total RPS Risk-adjusted Net Short Calculation

Total RPS Risk-adjusted Net Short = $\sum_{2011-2020 + 10 \text{ years}}$ Annual RPS Risk-adjusted Net Short – Eligible Excess Procurement⁴

For Liberty Power, the Total RPS Risk-adjusted Net Short = 169,271 MWh.

VI. Conclusion

In accordance with the Assigned Commissioner’s Ruling, Liberty Power provides this RPS procurement plan and looks forward to working with the Commission on these issues and helping California meet its renewable goals.

⁴ See ALJ Ruling, Attachment A, p. 6.

Dated: December 20, 2012

Respectfully submitted,



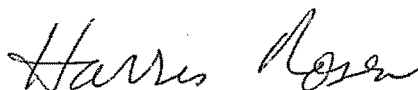
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VERIFICATION

I am an officer of the reporting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

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

Executed on December 20, 2012 at Fort Lauderdale, Florida.

A handwritten signature in cursive script that reads "Harris Rosen".

Harris Rosen, Vice President, Law & General Counsel