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Sent: 3/14/2013 1:10:18 PM
To: Prosper, Terrie D. (terrie.prosper@cpuc.ca.gov)
Cc:
Bcc:
Subject: CPUC Renewable Energy Reports Show Declining Contract Prices and a Robust Market: CPUC Information Alert

CPUC Information Alert: CPUC Renewable Energy Reports Show Declining Contract Prices and a Robust Market

The California Public Utilities Commission (CPUC) has submitted three renewable energy related reports to the state Legislature demonstrating that renewable contract prices in the past two years show continuing decline from prior years and a robust and competitive market.

The state's Renewables Portfolio Standard (RPS) program, one of the most ambitious in the country, requires investor-owned utilities, electric service providers, and community choice aggregators to increase procurement from eligible renewable energy resources to 33 percent of total procurement by 2020. The RPS is a key element in California's efforts to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020. GHG emissions from the power sector declined by 22 percent in 2011 from the prior year.

The reports issued today are:

1) 3rd and 4th Quarter 2012 RPS Report: Addresses the progress of the state's investor-owned utilities in complying with the RPS.

2) Padilla Report: Addresses the costs of all electricity procurement contracts for eligible renewable energy resources, including unbundled renewable energy credits, and all costs for utility owned generation approved by the CPUC. The report contains utility renewable cost information for 2012, and a revision of the cost information for 2003-2011.

3) Section 910 Report: Addresses utility direct and indirect costs and savings of the RPS and distributed generation programs. The report focuses primarily on 2011.

A brief synopsis of each report follows:

3rd and 4th Quarter 2012 RPS Report

As of the close of 2012, California is on track to meet its interim requirement of 25 percent renewables

by 2016, and is well-positioned to meet 33 percent by 2020.

As outlined in the 3rd and 4th Quarter 2012 RPS Report, as of Dec. 28, 2012, the large investor-owned utilities reported that they served 19.8 percent of their electricity with RPS-eligible generation in 2012. Pacific Gas and Electric Company served 19 percent of its 2012 retail sales with RPS-eligible renewable energy, Southern California Edison with 20.6 percent, and San Diego Gas & Electric with 20.3 percent.

Since 2003, 4,498 megawatts (MW) of new renewable capacity achieved commercial operation under the RPS program. During 2012, 1,957 MW of new renewable capacity came online and more than 3,000 MW is scheduled to come online before the end of 2013.

In 2012, the utilities filed 63 new contracts for 1,311 MW of renewable capacity, and the CPUC approved 64 contracts representing 3,725 MW of renewable capacity.

Padilla Report

As outlined in the Padilla Report, renewable contract prices in the past two years show continuing decline from prior years, and the renewable market overall is robust and competitive and has matured since the start of the RPS program.

The weighted average time-of-delivery (TOD) adjusted price was approximately 9.6 cents/kilowatt hour (kWh) for all contracts approved in 2012 (including renewable energy credit (REC) only transactions), and approximately 9.9 cents/kWh for bundled energy product (excluding REC transactions). These costs are lower than those approved in 2011, which were 12.6 cents/kWh on average, as a result of lower cost projects contracted through the 2011 RPS solicitations and bilateral transactions.

The weighted average TOD adjusted RPS procurement expenditures for 2012 were approximately 7.7 cents/kWh (including REC only transactions), and approximately 7.8 cents /kWh for bundled energy product (excluding REC transactions). The RPS procurement expenditures for 2012 are lower than the RPS procurement expenditures in 2011, which cost 8 cents/kWh on average.

Section 910 Report

The Section 910 Report addresses utility direct and indirect costs and savings associated with reaching the 33 percent by 2020 renewable energy goal. The report focuses primarily on 2011 because the legislatively mandated February reporting deadline makes it difficult to obtain and sufficiently review 2012 expenditures and other requested data.

The reports are available at www.cpuc.ca.gov/PUC/legislation/Reports/2013_Reports_to_Legislature.htm (please paste into your browser if clicking the link does not work).

Please let me know if you have any questions.

Terrie

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