



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

505 Van Ness Avenue
San Francisco, California 94102
Tel: 415-703-2381
Fax: 415-703-2057

JOSEPH P. COMO
Acting Director

dra.ca.gov

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CPUC, Energy Division
Attention: Tariff Files, Room 4005
505 Van Ness, Avenue
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

REDACTED

Subject: **Protest of the Division of Ratepayer Advocates to Southern California Edison Advice Letter 2870-E**

INTRODUCTION

The Division of Ratepayer Advocates (DRA) hereby submits this protest of Southern California Edison Company's (SCE) Advice Letter 2870-E (AL 2870). In this AL, SCE seeks California Public Utilities Commission (Commission) approval of 75 California Renewable Energy Small Tariff (CREST) power purchase agreements (CREST Contracts). DRA protests and recommends that the Commission reject the CREST Contracts for the following reasons:

- SCE has not explained how the CREST Contracts will help meet its renewables portfolio standard (RPS) goal. The CREST Contracts are not included in SCE's RPS portfolio plan and SCE has already fulfilled its obligations for Compliance Periods 1 and 2, under which the CREST Contracts would be applied.
- As yet, SCE has no statutory obligation to meet the Governor's small scale distributed generation (DG) goal. While DRA supports the Governor's DG goal, SCE has overprocured renewables. SCE has not shown how the CREST contracts will help meet the DG goal.

BACKGROUND

Public Utilities Code section 399.20(f) limits an electrical corporation's tariff for electricity purchased from an electric generating facility to its proportionate share of a statewide cap of 750 MWs. SCE's proportionate share is 123.9 MWs.¹ In Decision (D.) 07-07-027, the Commission

¹ AL 2870-E at p. 4.

allocated SCE an additional 123.8 MWs for CREST contracts. SCE states that it offered all 247.7 MWs of its share of the Pub. Util. Code Section 399.20 statewide limit.² Further, in July 2012 SCE reached its proportionate share of the D.07-07-027 cap.³ Now SCE asks the Commission to approve 75 additional CREST contracts totaling 105.53 MWs.⁴ To support its request, SCE argues: (1) SCE is “relieved of an obligation to purchase energy from additional projects pursuant to the section 399.20 tariff” once it met its proportionate obligation under the statewide limit pursuant to D.07-07-027;⁵ (2) D. 07-07-027 “explicitly allows” SCE to “purchase energy from additional projects on these or other terms;”⁶ and (3) “[p]rojects beyond the capacity allocation need Commission review (e.g., by applicant submitting an advice letter).”⁷ Therefore, SCE seeks approval of the 75 additional CREST Contracts.

DISCUSSION & RECOMMENDATION

DRA protests and recommends the Commission reject the CREST Contracts for the following reasons. First, SCE has not explained how the CREST Contracts will help meet its RPS Goal. The CREST Contracts are not included in SCE’s RPS procurement plan. Furthermore, SCE has already fulfilled its obligations for Compliance Periods 1 and 2, under which the CREST Contracts would be applied. Thus, SCE has no need for the CREST Contracts. Second, as yet, SCE has no statutory obligation to meet the Governor’s small scale distributed generation (DG) goal. While DRA supports the Governor’s DG goal, SCE has overprocured renewables. SCE has not shown how the CREST contracts will help meet the DG goal. Following the discussion below, the Commission should deny SCE’s request to approve the CREST Contracts.

The Commission should deny approval of the CREST Contracts because SCE has already met its RPS goals

The Commission should deny approval of the CREST Contracts because SCE has a surplus of renewable energy that already places it well beyond its RPS requirements under Compliance Periods 1 and 2, under which the CREST Contracts apply. Therefore, SCE does not need the CREST Contracts to meet its RPS obligations.

Nevertheless, SCE argues that it has such need. SCE states, “through SCE’s analysis of its renewable net short position and procurement needs, SCE projects a long-term renewable energy need. The CREST Contracts fill that need by providing long-term RPS-eligible energy over 20-year terms.”⁸ In AL 2870,

² In D.11-12-020, the Commission implemented the methodology for calculating RPS procurement by categorizing

² Id. at p. 4.

³ Id. at p. 5.

⁴ Id. at p. 5.

⁵ D.07-07-012.

⁶ AL 2870-E at p. 5.

⁷ Id. at p. 6.

⁸ Id.

⁹ First Amended 2012 RPS Procurement Plan – Confidential Appendix C.2

yearly quantity requirements for Compliance Period 1 (2011-2013) and Compliance Period 2 (2014-2016).¹⁰ Under that methodology for Compliance Period 1, SCE is required to procure 20% for 2011, 2012, and 2013.¹¹ Specifically, 2013 in Compliance Period 1 applies to the CREST Contracts because a portion of those contracts have an initial operation date beginning in 2013¹².

Additionally, under the same methodology for Compliance Period 2, SCE is required to procure 21.7% of renewable energy for 2014; 23.3% of renewable energy for 2015; and 25.0% for 2016.¹⁴ SCE is already planning to exceed these requirements:

— Yet, SCE argues that the CREST Contracts help fill its “net short position and procurement needs.”¹⁹ but the CREST Contracts do not apply to Compliance Period 3 because none of them have an operation date beginning in Compliance Period 3.²¹ Thus the CREST contracts do not fulfill any RPS need, and the Commission should deny SCE’s request.

The Commission should deny approval of the CREST Contracts because SCE has overprocured renewables and has not shown how the CREST Contracts meet the Governor’s distributive generation goal

In 2010, Governor Brown set a policy goal of installing 12,000MW of DG, targeting localized energy in order to meet the state’s climate goals.²² SCE argues that the CREST Contracts are “consistent with these goals.”²³ However, while DRA supports the Governor’s DG goal, SCE has already overprocured renewables for Compliance Periods 1 and 2 under which the CREST Contracts would apply, as discussed above.

¹⁰ CPUC 33% RPS Procurement Rules, see <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>

¹¹ CPUC 33% RPS Procurement Rules, see <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>

¹² AL 2870-E at p. 1-2.

¹³ First Amended 2012 RPS Procurement Plan – Confidential Appendix C.2

¹⁴ CPUC 33% RPS Procurement Rules, see <http://www.cpuc.ca.gov/PUC/energy/Renewables/hot/33RPSProcurementRules.htm>

¹⁵ Id.

¹⁶ Id.

¹⁷ First Amended 2012 RPS Procurement Plan – Confidential Appendix C.2

¹⁸ First Amended 2012 RPS Procurement Plan – Confidential Appendix C.2

¹⁹ AL 2870-E at p. 6

²⁰ First Amended 2012 RPS Procurement Plan – Confidential Appendix C.2

²¹ AL 2870-E at p. 1-2.

²² Distributive Generation, Division of Ratepayer Advocates, <http://www.dra.ca.gov/general.aspx?id=985>

²³ AL 2870-E at p. 7.

Additionally, SCE has not substantively explained how the CREST Contracts are the best method to help meet the DG goal. Instead, SCE strings together rules and policy expression from the Public Utilities Code and the Governor's office illustrating the purpose behind the small-scale DG effort without explaining how its CREST Contracts are the best method to help achieve the DG goal. SCE simply concludes that "these CREST projects sized at 1.5MW or less are consistent with the State's continued focus on small-scale renewable procurement (20MW or less)."²⁴ Such an explanation is insufficient when the CREST Contracts are not needed, SCE has overprocured renewables, and these contracts will impose additional costs on ratepayers.

CONCLUSION

For the above reasons, DRA recommends that the Commission deny SCE's request to approve the 75 CREST Contracts. Please contact Colin Rizzo at colin.rizzo@cpuc.ca.gov or (415) 703-1784 with any questions regarding these comments.

/s/ KARIN HIETA

KARIN HIETA, Supervisor
Division of Ratepayer Advocates

cc: President Michael Peevey, CPUC
Commissioner Carla Peterman, CPUC
Commissioner Michel Florio, CPUC
Commissioner Catherine Sandoval, CPUC
Commissioner Mark Ferron, CPUC
Karen Clopton, Chief Administrative Law Judge, CPUC
Frank Lindh, General Counsel, CPUC
Edward Randolph, Director, CPUC Energy Division
Karin Hieta, Division of Ratepayer Advocates
Paul Douglass, CPUC Energy Division
Sean Simon, CPUC Energy Division
Adam Schultz, CPUC Energy Division
ED Tariff Unit, CPUC Energy Division
Service List R.11-05-005

²⁴ Id. at pp. 6-7.