DRA

Division of Ratepayer Advocates
California Public Utilities Commission

JOSEPH P. COMO
Acting Director

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

dra.ca.gov

May 2, 2013

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

Subject: **Protest of the Division of Ratepayer Advocates to Southern California Edison Advice Letter 2870-E-A Supplement to Submission of Southern California Edison's California Renewable Energy Small Tariff Program**

(Confidential)

INTRODUCTION

The Division of Ratepayer Advocates (DRA) hereby submits this protest of Southern California Edison Company's (SCE) Advice Letter 2870-E-A (AL 2870). In this AL, SCE seeks California Public Utilities Commission's (Commission) approval of five 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 reason:

- SCE's request should be denied because SCE did not conduct a cost-benefit analysis discussing how banking the excess procurement would impact ratepayers.

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 allocated SCE an additional 123.8 MWs for CREST contracts. SCE states that it offered its entire share under the statutory limit.[2] Further, in July 2012, SCE reached its proportionate share of the D.07-07-027 cap.[3] On March 26, 2013, SCE filed AL 2870-E seeking Commission approval of

[1] AL 2870-E-A at p.3.

[2] Id. at p.3; see Public Utilities Code Section 399.20.

[3] Id. at p.3.

64709818

75 CREST Contracts totaling 105.53 MWs. Now SCE asks the Commission to approve five additional CREST Contracts totaling 6.999MW.[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 five additional CREST Contracts.

DISCUSSION & RECOMMENDATION

SCE's request should be denied because SCE did not conduct a cost-benefit analysis discussing how banking the excess procurement would impact ratepayers

The CREST Contracts [redacted].[8] [redacted],[9] SCE could bank the generation from the CREST Contracts and apply the excess procurement to meet its RPS goals in Compliance Period 3 or later years. Indeed, in both its original AL and supplemental request, SCE argues that it has a long-term procurement need that the CREST Contracts fulfill.[10] While seemingly straightforward, this argument has a significant flaw: it assumes that banking the excess procurement will not adversely affect ratepayers. In reality, SCE fails to present a cost-benefit analysis discussing what effect banking the excess generation has on ratepayers. Through a cost-benefit analysis, SCE should demonstrate how banking is more economic for ratepayers than selling the excess energy. Therefore, SCE's request should be denied because SCE did not conduct a cost-benefit analysis discussing how banking the excess procurement would impact ratepayers.

CONCLUSION

For the above reason, DRA recommends that the Commission deny SCE's request to approve the five CREST Contracts.

---

[4] Id. at p. 5.

[5] D.07-07-012.

[6] AL 2870-E-A at p. 3.

[7] *Id.* at p. 3.

[8] First Amended 2012 RPS Procurement Plan – Confidential Appendix C.

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

[10] AL 2870-E at p. 7; AL 2870-E-A at p. 5.

Please contact Colin Rizzo at colin.rizzo@cpuc.ca.gov or (415) 703-1784 with any questions regarding these comments.

/s/ CHLOE LUKINS

____
CHLOE LUKINS, Program Manager
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