

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE
STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue
Implementation and Administration of
California Renewables Portfolio Standard
Program.

R.11-05-005

**SHELL ENERGY NORTH AMERICA (US), L.P. PROPOSED
2013 RPS PROCUREMENT PLAN**

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(US), L.P.

Date: June 28, 2013

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In accordance with the Assigned Commissioner's May 10, 2013 Ruling ("ACR") in the above-referenced proceeding, Shell Energy North America (US), L.P. ("Shell Energy") submits its proposed 2013 RPS procurement plan.

I.

INTRODUCTION

Shell Energy's proposed 2013 RPS procurement plan addresses the following issues as directed in Sections 6.1 through 6.6 of the ACR:

1. Assessment of RPS portfolio and demand for a 20-year time frame.
2. Status of project development for RPS facilities under contract but not yet delivering generation.
3. Potential issues that could delay RPS compliance.
4. Assessment of the risk of failure to build or delays in construction of RPS projects under contract.
5. Quantitative data and calculations to support RPS portfolio needs and procurement net short.
6. Portfolio optimization strategy for the next ten years.

II.

PROPOSED RPS PROCUREMENT PLAN

Shell Energy's proposed 2013 RPS procurement plan is as follows:

1. Assessment of RPS supply and demand for a twenty-year planning horizon: Shell Energy is a retail electricity provider ("ESP") that competes with the IOUs and with other ESPs to attract and serve retail customers that are eligible to participate in the direct access program. Retail customers that are eligible for direct access generally commit to no more than a one-year contract with an ESP. It is impossible to predict, therefore, the size of Shell Energy's retail customer load - - or the extent of its RPS procurement compliance obligation – over a ten-year or a twenty-year planning horizon.

Shell Energy does not formally "model" or forecast future load. Currently, Shell Energy utilizes historical meter data for load currently under contract (or, for new customers, the customers' estimates based on the customers' prior year's usage). Shell Energy assumes all load currently under contract will be maintained for one year unless otherwise expressly notified. Shell Energy negotiates RPS supply contracts with existing eligible renewable energy projects based on this one-year load information in order to comply with the Commission's RPS compliance rules that are in effect at the time of RPS procurement.

Shell Energy's RPS procurement for 2013 is and will be based on its historical load information for 2012 and its RPS procurement obligation as described in D.11-12-020 (December 1, 2011) and D.12-06-038 (June 21, 2012). Shell Energy plans for and purchases RPS energy based on customers' historic load profile information. For years beyond the next contract year, Shell Energy's retail load (and its RPS procurement obligation) is impossible to forecast accurately.

2. Status of project development for RPS facilities under contract: Shell Energy does not currently have any contracts, executed on behalf of its retail load, for renewable supply with facilities that are not already operational.

3. Potential issues that could delay Shell Energy's RPS compliance: As noted in Section 2 above, all of Shell Energy's RPS contracts for its retail load are with operational facilities. Unanticipated operating problems at these facilities could potentially delay Shell Energy's RPS compliance. The main issues that could impede Shell Energy's efforts to meet its RPS procurement compliance obligation, however, revolve around a lack of regulatory certainty.

4. Assessment of the risk of failure to build or delays in construction of RPS projects under contract: Please see response to Item No. 2 above.

5. Quantitative assessment (calculations) relied on to determine the LSE's RPS portfolio needs and procurement net short: Shell Energy takes a conservative approach in calculating its RPS procurement needs. Based on the current statute and Commission rules, Shell Energy multiplies its prior year's (2012) actual load by the RPS procurement requirement of 20 percent in the first RPS compliance period in order to determine its RPS portfolio needs for the next year (2013). For years thereafter, Shell Energy makes a best efforts forecast of its retail load and its RPS procurement requirement.

Shell Energy has existing RPS supplies under contracts entered into prior to June 1, 2010. Shell Energy may apply most of these existing contract volumes against its RPS procurement obligation in the current (2011-2013) RPS compliance period. Shell Energy may, however, elect to use these pre-June 1, 2010 contract volumes in other compliance years/periods. As a result, the deployment of these contract volumes is subject to change.

The attached chart provides the information requested in the Assigned Commissioner's May 10 Ruling, including a calculation of Shell Energy's RPS net short position as directed in

the Presiding Judge's August 2, 2012 Ruling. The attached chart reflects reliance upon Shell Energy's existing (pre-June 1, 2010) supplies to meet all or a portion of Shell Energy's RPS procurement obligation in the current (2011-2013) and future compliance periods. Given the flexibility of the initial three-year compliance period, however, it is possible that Shell Energy may redistribute some or all of its existing RPS supplies and purchase additional RPS supplies to meet its RPS procurement obligations.

6. Portfolio optimization strategy: Shell Energy's RPS portfolio optimization strategy for its retail customer load includes the following elements:

- Meet all statutory RPS procurement requirements (e.g., long-term (10-year) RPS procurement contracts; portfolio content categories; timely retirement of RECs);
- Limit purchases of RPS supplies to match known (and reasonably anticipated) retail load; and
- Use "banked" RPS supplies to the extent economical to do so.

As noted above, it is impossible for Shell Energy to predict the level of its retail customer load over a ten-year period. Uncertainty regarding the level of its retail customer load is a key risk for Shell Energy as an ESP. Accordingly, Shell Energy must limit the quantity (and proportion) of long-term (10-year) RPS procurement contracts that it enters into for its retail load.

III.

CONFIDENTIALITY

On August 15, 2012, Shell Energy filed a motion for confidential treatment of portions of its revised 2012 RPS Procurement Plan. Shell Energy's revised 2012 RPS Procurement Plan was approved by the Commission in D.12-11-016 (November 8, 2012) (Ordering Paragraph No. 21, page 96).

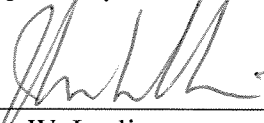
In D.08-04-023 (April 10, 2008), the Commission determined that “[a]n ESP or IOU need not seek confidentiality of regular compliance filings every time it files, but only the first time. The ESP or IOU may simply cite a prior ruling or motion when making subsequent compliance filings.” Decision at p. 28 (Ordering Paragraph No. 9). Shell Energy cites to its previous (2012) RPS Procurement Plan to support its request for confidential treatment of the redacted information in the accompanying chart.

IV.

CONCLUSION

Shell Energy’s proposed 2013 RPS procurement plan, as described above, provides the basis for Shell Energy’s RPS procurement to meet its RPS compliance obligation.

Respectfully submitted,



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Date: June 28, 2013

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RPS Procurement Plan
Shell Energy North America (US), L.P.
June 28, 2013

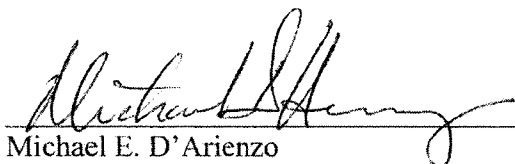
Column	A	B	C	D	E	F	G	H	I	J	K		
				Actual RPS Supply under Contract (MWhs)									
Row #	Year	Annual Retail Sales	Annual Percentage Target	Annual RPS Procurement Target	PCC0	PCC1	PCC2	PCC3	2010 Surplus	RPS Net Short	Forecast Project Failure Rate	Voluntary Margin of Over-procurement	
1	2011	3,309,945	0.2	661,989	301,912	180,113	90,057	90,057		150	n/a	n/a	
2	2012		0.2								n/a	n/a	
3	2013		0.2								n/a	n/a	
4	2014		0.217								n/a	n/a	
5	2015		0.233								n/a	n/a	
6	2016	385,205	0.25	96,302				5,000		(91,302)	n/a	n/a	
7	2017	385,205	0.27	104,006				5,000		(99,006)	n/a	n/a	
8	2018	385,205	0.29	111,710				5,000		(106,710)	n/a	n/a	
9	2019	385,205	0.31	119,414				5,000		(114,414)	n/a	n/a	
10	2020	385,205	0.33	127,118				5,000		(122,118)	n/a	n/a	
11	2021	385,205	0.33	127,118				5,000		(122,118)	n/a	n/a	
12	2022	385,205	0.33	127,118				5,000		(122,118)	n/a	n/a	
13	2023	385,205	0.33	127,118						(127,118)	n/a	n/a	
14	2024	385,205	0.33	127,118						(127,118)	n/a	n/a	
15	2025	385,205	0.33	127,118						(127,118)	n/a	n/a	
16	2026	385,205	0.33	127,118						(127,118)	n/a	n/a	
17	2027	385,205	0.33	127,118						(127,118)	n/a	n/a	
18	2028	385,205	0.33	127,118						(127,118)	n/a	n/a	
19	2029	385,205	0.33	127,118						(127,118)	n/a	n/a	
20	2030	385,205	0.33	127,118						(127,118)	n/a	n/a	
21	2031	385,205	0.33	127,118						(127,118)	n/a	n/a	

VERIFICATION

I am an officer of Shell Energy North America (US), L.P. 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 or 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 June 28, 2013, at Spokane, Washington.



Michael E. D'Arienzo
Vice President – Commercial, Industrial & Aggregators
Shell Energy North America (US), L.P.

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