



THE UTILITY REFORM NETWORK

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September 20, 2013

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: TURN Comments on Draft Resolution E-4559

Dear Energy Division Tariff Unit,

The Utility Reform Network (TURN) submits the following comments on Draft Resolution E-4559 (“Draft Resolution”). TURN supports the Draft Resolution and urges the Commission to approve it without modification.

The resolution finds that the four amended and restated (A&R) PPAs between SCE and Silverado should not be eligible to count towards SCE’s Renewable Auction Mechanism (RAM) because they were executed on a bilateral basis and may not be applied to the RAM procurement obligation under Decision 10-12-048. Moreover, the Draft resolution notes that none of the four A&R PPAs are competitive based on their renewable premiums when compared to SCE’s 2011 final RPS shortlist. As a result, the Draft Resolution would deny cost recovery for all four contracts.

TURN agrees that Decision 10-12-048 was never intended to allow bilateral contracts to be applied towards the RAM obligations. As a member of SCE’s Procurement Review Group (PRG), TURN has reviewed both the amended PPA price and comparable bids in SCE’s 2011 RPS solicitation. The A&R PPAs offer unattractive pricing in comparison with both the 2011 RPS shortlist and current market prices. Given the decline in photovoltaic costs since the original solicitation, the beneficiary of contract approval under the original price would be the project developer. Were these projects to be rebid into a 2013 solicitation, there is no doubt that the same developer would bid a significantly lower price.

Approving the draft resolution will send an important message about the need to align PPA pricing with actual market costs especially in the situation where

significant declines in market prices cause an unapproved PPA to become uncompetitive. Finally, the approval of the draft resolution would allow SCE to solicit 75 MWs of additional resource in a future RAM solicitation at prices that will be far below the cost of the A&R contracts. This means that ratepayers would benefit from lower RPS compliance costs if the draft resolution is approved.

Given concerns about the overall cost of satisfying California's RPS targets, the Commission should seize every opportunity to reduce the impact on ratepayers. The Commission should therefore approve the draft resolution and deny approval for the A&R PPAs.

Sincerely,

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R.11-05-005 service list