

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

---

**OPENING COMMENTS OF SHELL ENERGY NORTH AMERICA (US), L.P.  
ON RPS COMPLIANCE AND ENFORCEMENT ISSUES**

---

John W. Leslie  
McKenna Long & Aldridge LLP  
600 West Broadway, Suite 2600  
San Diego, California 92101  
Tel: (619) 699-2536  
Fax: (619) 232-8311  
E-Mail: [jleslie@mckennalong.com](mailto:jleslie@mckennalong.com)

Attorneys for Shell Energy North America (US), L.P.

Date: October 25, 2013

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

---

**OPENING COMMENTS OF SHELL ENERGY NORTH AMERICA (US), L.P.  
ON RPS COMPLIANCE AND ENFORCEMENT ISSUES**

---

In accordance with the schedule established by the Presiding Administrative Law Judge,<sup>1</sup> Shell Energy North America (US), L.P. (“Shell Energy”) submits its opening comments on compliance and enforcement issues in the RPS program. Shell Energy responds to the specific question in the order in which they appear in the Presiding Judge’s Ruling.

**I.**

**OPENING COMMENTS ON SPECIFIC PROPOSALS**

Shell Energy’s comments are as follows:

**Questions**

**3.1: Compliance Reports for Final Year of Compliance Period**

1. Should the annual report for the last year of a multi-year compliance period be formally filed, as well as served on the service list of the then-current RPS proceeding and provided to Energy Division staff? What benefits, if any, would filing provide? What problems, if any, would filing create?

**Response:** No. Formal “filing” of a load-serving entity’s (“LSE”) annual RPS compliance report with the Commission would serve no useful purpose. A public version of the LSE’s annual report is served on the service list in the RPS proceeding. The public version of the report is posted

---

<sup>1</sup> R.11-05-005, “Administrative Law Judge’s Ruling Requesting Comments on Compliance and Enforcement Issues in the Renewables Portfolio Standard Program” (issued September 27, 2013).

on the Commission's website. Formal filing of a public version of the LSE's report would add to the administrative burden without increasing the public's access to the report.

2. Should the annual report for each one-year compliance period (2021 and later years) be formally filed, as well as served on the service list of the then-current RPS proceeding and provided to Energy Division staff? What benefits, if any, would filing provide? What problems, if any, would filing create?

**Response:** No. See response to No. 1 above.

3. Should the updated annual report for the last year of a multi-year compliance period be formally filed, as well as served on the service list of the then-current RPS proceeding and provided to Energy Division staff? What benefits, if any, would filing provide? What problems, if any, would filing create?

**Response:** No. See response to No. 1 above.

4. Should the updated annual report for each one-year compliance period (2021 and later years) be formally filed, as well as served on the service list of the then-current RPS proceeding and provided to Energy Division staff? What benefits, if any, would filing provide? What problems, if any, would filing create?

**Response:** No. See response to No. 1 above.

5. Should parties to the then-current RPS proceeding be allowed to comment on the annual report for the last year of a compliance period? Why or why not?

**Response:** No. A formal comment process is not necessary. A formal comment process would impose an additional administrative burden on all LSEs. Under current rules, interested parties are free to comment on LSEs' annual RPS compliance reports - - directly to the Energy Division. If comments are submitted, the Energy Division can raise questions with the LSE (if necessary) without the need for formal reply comments by the LSE. A formal comment process would force LSEs to submit formal reply comments in response to opening comments, which would impose an additional layer of compliance on all LSEs.

6. Should parties to the then-current RPS proceeding be allowed to comment on the annual report for any year of a compliance period? Why or why not?

**Response:** No. See response to No. 5 above. In addition, an LSE’s annual RPS report for the intervening years prior to the last year of a compliance period is not a “compliance” report and does not provide information that is subject to “enforcement.”

### 3.2. Waiver of Portfolio Quantity Requirement

1. The statute provides that the Commission “shall waive enforcement of this section if it finds that the retail seller has demonstrated any of [the listed] conditions. . .” (emphasis added.)

- Does the Commission have discretion to waive enforcement of the procurement quantity requirement (PQR) for any conditions that are not listed in Section 399.15(b)(5)? Why or why not?

**Response:** Yes. The statutory provision addresses the conditions under which the Commission “shall” waive enforcement of the PQR. The statute does not prohibit the Commission from exercising its discretion to waive enforcement of the PQR under appropriate conditions. For example, the Commission should be able to waive the PQR if an ESP or a CCA encounters a dramatic increase in its retail customer load in the last year of a compliance period, or if the market price of available RPS supplies is unreasonably high.

- If the Commission does have such discretion, for what additional conditions may it exercise its discretion to waive enforcement of the PQR? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** It is not possible to identify or anticipate all potential conditions that may justify a waiver of enforcement of an LSE’s PQR. The burden should be on the LSE to establish the basis for a waiver, at the time that its waiver request is submitted.

2. Should the Commission specify now how it will interpret certain key terms in the statutory requirements (e.g., “all reasonable operational measures,” in Section 399.15(b)(A)(ii); or “prudently managed portfolio risks,” in Section 399.15(b)(B)(i))? Should the Commission make its interpretation only in the context of a waiver request made by a retail seller? Why or why not?

**Response:** The Commission should not specify at this time, on a theoretical basis, how it will interpret the statutory conditions for a waiver. An LSE should be required to provide justification for its waiver request, and the Commission should grant or deny the waiver based on the facts presented as applied against the statutory conditions.

- If the Commission should specify its interpretation of key terms now, what terms should be included? Please provide a proposed interpretation for each such term.

**Response:** N/A

- If the Commission should wait to interpret key terms, should the Commission provide any guidance in the interim to retail sellers about the grounds for waiver? If yes, please propose the form such guidance should take.

**Response:** No. P.U. Code Section 399.15(b)(5) provides sufficient guidance.

3. How should a retail seller’s waiver request be submitted?

- Filed and served, at the same time as its annual compliance report for the last year in a compliance period is filed and served;

**Response:** No. “Filing” is not necessary, either for an LSE’s annual RPS compliance report or for an LSE’s waiver request. An LSE’s RPS compliance report, as well as an LSE’s waiver request, represent a “compliance” document for which formal filing is not necessary.

- Filed and served, at the same time as its annual compliance report for the last year in a compliance period is submitted to Energy Division and served;

**Response:** No.

- Submitted to Energy Division and served, at the same time as its annual compliance report for the last year in a compliance period is filed and served;

**Response:** No (“filing” not required).

- Submitted to Energy Division and served, at the same time as its annual compliance report for the last year in a compliance period is submitted to Energy Division and served;

**Response:** Yes. Service of an LSE’s waiver request provides sufficient notice to all potentially interested entities.

- Filed and served as a separate motion or application at the same time as its annual compliance report for the last year in a compliance period is filed and served (or submitted to Energy Division and served, as the case may be);

**Response:** No.

- Some other method.

**Response:** N/A.

4. Should comment by parties to the then-current RPS proceeding be allowed on requests for waivers? Why or why not? If comments should be allowed, at what point should they be made?

**Response:** As noted above (Question 3.1(5)), a formal comment period is not necessary. A formal comment period would, if adopted, impose an unreasonable additional administrative burden on LSEs.

5. What minimum amount and type of information, if any, should be included in the waiver request? For example, should the retail seller be required to specify the condition(s) in Section 399.15(b)(5) on which it relies? Please explain the basis for the information specified.

**Response:** An LSE should be required to provide sufficient information to demonstrate that a waiver is either required (within the standards set forth in the statute) or otherwise appropriate, based on the facts and circumstances that led to the waiver request.

6. What kind of showing should the Commission require in order for a retail seller to “demonstrate that any of the [listed] conditions are beyond the control” of the retail seller?

**Response:** The “kind of showing” that is required should be up to the Energy Division to determine, in accordance with its role. The LSE’s waiver request should provide a narrative, supported by facts to demonstrate justification for its waiver request.

7. Should a retail seller be required to make a separate showing that one or more of the listed conditions prevented its compliance with its PQR? If yes, what kind of showing should the Commission require?

**Response:** An LSE’s “showing” should be a part of its waiver request. If the LSE relies on one or more of the conditions set forth in Section 399.15(b)(5), the LSE must explain and demonstrate that the condition(s) apply.

8. Must any required showings for a waiver be made through evidentiary hearings? Why or why not?

**Response:** No. If the Energy Division requires additional information or has questions regarding the information provided, the Energy Division should work informally with the LSE to obtain the information required.

9. If such showings may be made without evidentiary hearings, what format should the Commission require?

**Response:** The Energy Division and the LSE should work collaboratively to determine the format for the information to be provided.

10. Should the Commission require a retail seller to apply all available excess procurement to the compliance period at issue prior to seeking a waiver of PQR?

**Response:** Generally, yes. There could be circumstances, however, in which it is not practical or economically justified for an LSE to apply all available excess procurement to the compliance period at issue. If so, an LSE should be required to demonstrate, in its waiver request, why it is not appropriate to do so.

### **3.3. Reduction of Procurement Content Requirement**

1. How should a retail seller's request for reduction of its procurement content requirement be submitted?

- Filed and served, at the same time as its annual compliance report for the last year in a compliance period is filed and served;

**Response:** No. See response to Question 3.2(3).

- Filed and served, at the same time as its annual compliance report for the last year in a compliance period is submitted to Energy Division and served;

**Response:** No.

- Submitted to Energy Division and served, at the same time as its annual compliance report for the last year in a compliance period is filed and served;

**Response:** No.

- Submitted to Energy Division and served, at the same time as its annual compliance report for the last year in a compliance period is submitted to Energy Division and served;

**Response:** Yes.

- Filed and served as a separate motion or application at the same time as its annual compliance report for the last year in a compliance period is filed and served (or submitted to Energy Division and served, as the case may be);

**Response:** No.

- Some other method.

**Response:** N/A

2. Should comment by parties to the then-current RPS proceeding be allowed on requests for reduction of procurement content requirements? Why or why not? If comments should be allowed, at what point should they be made?

**Response:** No. For the reasons set forth above (Question 3.2(4)), the Commission should not adopt a formal comment process for LSE requests for a reduction of the procurement content requirements. A formal process would impose an unreasonable additional administrative burden on the Commission and the LSE. An LSE's request for reductions should be treated as a "compliance" matter.

3. Section 399.16(c) sets out minimum and maximum procurement percentages for resources defined in Section 399.16(b)(1) ("Category 1" resources) and Section 399.16(b)(3) ("Category 3" resources). Does the Commission's discretion to grant a reduction apply exclusively to obligations under Category 1 resources? Why or why not?

**Response:** No. The Commission's discretion applies to both the minimum procurement obligation for PCC Category 1 resources, as well as the maximum procurement amount of PCC Category 3 resources.

4. Section 399.16(e) requires a retail seller seeking a reduction to meet the requirements of Section 399.15(b)(5). Should the Commission apply the same rules and procedures it develops for waivers of PQR under Section 399.15(b)(5) to determine requests for a reduction in a procurement content requirement? Why or why not?

**Response:** Yes. A request for a "waiver" of the PQR is similar to a request for "reduction" of the procurement content requirement.

5. If the Commission should not apply the same rules and procedures, what rules and procedures should the Commission institute for requests for reductions of procurement content requirements? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** N/A.

6. Does the grant of a reduction in a procurement content requirement also reduce the retail seller's PQR for the compliance period? Why or why not?



**Response:** No. The procurement content requirement is different from (and independent of) the PQR. An LSE could meet the PQR but not meet the procurement content requirement. It is for this reason that it is critical for the Energy Division to provide timely feedback to LSEs on portfolio content category (“PCC”) eligibility in the “interim” -- intervening -- years leading up to the final year of a compliance period. Because an LSE is required to make an annual submission showing its progress toward meeting the RPS procurement target for the compliance period, the Energy Division should review the LSE’s annual submission and provide guidance on whether the resources identified by the LSE for RPS compliance are eligible for the PCCs claimed by the LSE. If the Energy Division provides this feedback on a timely basis during the intervening years, the LSE will have greater certainty when it submits its annual RPS compliance report in the final year of the compliance period.

7. If the Commission were to grant a reduction of a retailer’s Category 1 obligation, does the Commission have the authority to impose a requirement that the retailer must make up the amount of the reduction through procurement of Category 2 (Section 399.16(b)(2)) or Category 3 (Section 399.16(b)(3)) resources? Why or why not?

**Response:** Shell Energy does not take a position on whether the Commission has legal authority to order a “make-up” of a deficiency in an LSE’s “Category 1” obligation. However, if the Commission does have such authority, and if the Commission decides to require an LSE to make up the amount of the deficiency, the Commission should clarify that an LSE must make-up a deficiency of “Category 1” resources with “Category 1” resources. Owing to the price differential among RPS resources in different portfolio content categories, a “make-up” obligation should be met through the purchase of RPS resources in the same PCC for which the LSE was deficient. Allowing an LSE to make-up a deficiency in PCC 1 with an RPS product from another PCC would defeat the purpose of the procurement content requirement.

8. If the Commission has the authority to require a retailer to make up the amount of any reduction, under what circumstances should the Commission require a retail seller to do so? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** See response to No. 7 above.

9. Should the Commission require a retail seller to apply all available excess procurement in the relevant portfolio content category to the compliance period at issue, prior to seeking a reduction in a category requirement?

**Response:** Generally yes. See the response to Question 3.2 (10) above.

### **3.4. Prior Deficits**

1. Is it possible for a retail seller that is required to make up a prior deficit to request a waiver of enforcement for the amount of the deficit? Why or why not?

**Response:** No comment.

2. If it is possible for a retail seller to request a waiver of enforcement on its prior deficit, what conditions would support such a request?

**Response:** No comment.

3. If it is not possible for a retail seller to request a waiver of enforcement on its prior deficit, what process, if any, should be available to deal with a prior deficit that is not made up by the end of 2013?

**Response:** No comment.

4. If a prior deficit is not made up by the end of 2013 and enforcement is not waived, should any remaining prior deficit be subject to the same penalty provisions as failures to meet the procurement quantity requirements for the 2011-2013 compliance period?

**Response:** No comment.

### **3.5. AB 2187**

1. In implementing this provision with respect to the portfolio balance requirements set out in Section 399.16(c) and implemented in D.12-06-038, should the Commission do anything more than ensure that the changed date (January 13, 2011 rather than June 1, 2010) is applied to the contracts of ESPs? If the Commission should do more, please specify the additional actions the Commission should take.

**Response:** The Commission should ensure that for ESPs, “count-in-full” treatment is afforded to contracts entered into on or before January 13, 2011.

2. Should the Commission interpret the change of date from June 1, 2010 to January 13, 2011, that is made to Section 399.16(c), as also applying to Section 399.16(d), where exemption to the new portfolio content category rules based on the date of contract execution are also stated?

**Response:** Yes. Consistent with the Commission’s interpretation and implementation of these interconnected statutory provisions in D.11-12-052 (December 15, 2011) and D.12-06-038 (June 21, 2012), the “count-in-full” provisions of Section 399.16(d) should apply to ESP contracts entered into on or before January 13, 2011.

3. If the Commission should interpret the difference between the two sections as requiring the use of different dates for the execution of ESPs’ contracts for different RPS compliance processes (portfolio balance requirements versus count in full provision), how should the Commission implement the differing requirements? Please provide rationale that address both legal and practical implementation perspectives.

**Response:** The results suggested in this question should not apply. “Count-in-full” treatment should be afforded to an ESP contract entered into on or before January 13, 2011, under both Section 399.16(c) and Section 399.16(d).

### **3.6. Penalties**

#### **3.6.1. Penalty Amount**

1. Should the prior concept of an “upfront” penalty (i.e., a penalty that is to be presumptively imposed) be retained? Why or why not?

**Response:** The “upfront” penalty of \$50/REC should apply to the amount of the deficiency in the LSE’s PQR. If the LSE has a deficiency in meeting its PCC requirements, a penalty (in the same amount) should be assessed, but only if the Energy Division provided timely feedback to the LSE regarding PCC eligibility of the resources identified in the LSE’s annual RPS compliance reports in the intervening years leading up to the final year in an RPS compliance period. If timely Energy Division feedback and guidance has been provided, and the LSE nevertheless failed to meet its PCC requirement(s), a deficiency penalty of \$50/REC should apply to the shortfall in PCC 1 resources claimed for compliance.

2. Should the penalty amount for failure to meet RPS procurement requirements be kept at \$50/MWh for each MWh (i.e., REC) that the retail seller is below its PQR for the compliance period? Please provide rationale that address both legal and practical implementation perspectives.

**Response:** See response to No. 1 above.

3. If the Commission should set a different dollars-per-REC penalty amount, please provide a sample calculation and comparison of the proposed new amount to the \$50/REC figure.

**Response:** N/A

4. Should the dollars-per-REC penalty vary for different compliance periods?

**Response:** No.

- Should the dollars-per-REC penalty vary according to the length of the compliance period?

**Response:** No.

- Should the dollars-per-REC penalty be set for the first compliance period, with an escalation factor in subsequent compliance periods? If yes, please provide a sample calculation.

**Response:** No.

5. Should the dollars-per-REC penalty amount vary based on a retail seller's total retail sales? Why or why not?

**Response:** No.

6. If the Commission should set a dollars-per-REC penalty amount that varies based on a retail seller's total retail sales, how should the variable penalty amount be determined? Please provide sample calculations that fully illustrate the proposal.

**Response:** N/A

7. Should the Commission retain the requirement that a retail seller include a calculation of the presumptive penalty with its compliance report for a compliance period, if the compliance report shows a shortfall? Why or why not?

**Response:** Yes. However, the calculation of the "presumptive penalty" should only be provided with the LSE's report for the final year of the compliance period.

8. If the Commission should not retain this requirement, at what point in the compliance or enforcement process should a retail seller's potential penalty liability be calculated?

**Response:** N/A

### **3.6.2. Penalty Cap**

1. Should the Commission adjust the same penalty cap to conform to the multi-year compliance periods, as implemented in D.11-12-020? That is, should the Commission institute a penalty cap of \$75 million for the 2011-2013 compliance period and the 2014-2016 compliance

period; a penalty cap of \$100 million for the 2017-2020 compliance period; and a penalty cap of \$25 million for each annual compliance period in 2021 and later years?

**Response:** No comment.

2. Should the amount of the penalty cap be changed? Why or why not? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** No comment.

3. If the Commission should set a different penalty cap, please provide a sample calculation and comparison of the proposed new cap to the \$25 million/year figure.

**Response:** No comment.

4. Should the penalty cap vary for different compliance periods, beyond the arithmetic difference created by the differing lengths of the compliance periods? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** No comment.

5. If the Commission should vary the penalty cap for different compliance periods, how should the cap vary? Please provide a sample calculation.

**Response:** No comment.

6. Should the penalty cap vary based on the total retail sales of each retailer? Why or why not?

**Response:** Yes. The level of the penalty cap should be in proportion to the LSE's share of the State's retail electric customer load.

7. If the Commission should set a penalty cap that varies based on a retailer's total retail sales, how should the penalty cap amount be determined? Please provide rationales that address both legal and practical implementation perspectives. Please include a detailed methodology and sample calculation.

**Response:** See the response to No. 6 above.

### **3.6.3. Penalties for Shortfalls in Procurement Quantity Requirement and Portfolio Balance Requirement**

1. Should the dollars-per-REC penalty amount be the same for failure to comply with either the PQR or the PBR? Why or why not?

**Response:** Yes, but see the response to Question 3.6.1(1) above.

2. If the Commission should set different penalty amounts for the two types of shortfalls, how should the penalty amount be determined? Please provide a sample calculation. Please provide rationales that address both legal and practical implementation perspectives.

**Response:** N/A

3. Should the penalty cap for failure to comply with the PQR be the same as the penalty cap for failure to comply with the PBR? Why or why not?

**Response:** Yes.

4. If the Commission should set different penalty caps for the two types of shortfalls, how should the penalty caps be determined? Please provide a sample calculation. Please provide rationales that address both legal and practical implementation perspectives.

**Response:** N/A

5. If a retail seller both fails to attain its PQR and does not comply with the PBR in the same compliance period, should the Commission assess a penalty for each shortfall? For PQR but not PBR? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** In a circumstance in which an LSE fails to attain its PQR and the LSE also fails to comply with the portfolio balance requirement (“PBR”), the assessed penalty should be limited to the penalty for the LSE’s deficiency in achieving the PQR.

### **3.7. Alternative Compliance Mechanisms**

1. Does the Commission have the authority to use any alternative compliance mechanism as part of its administration of the RPS program? Please specify the legal sources on which your response relies.

**Response:** The RPS statute does not provide for “alternative compliance mechanisms” for LSEs. The legislature’s intent appears to be for the LSE to meet its RPS procurement obligation or (in the absence of circumstances warranting a “waiver”) face a penalty under P.U. Code Section 2113.

2. If the Commission does have the authority to use an alternative compliance mechanism, should the Commission do so? Why or why not? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** N/A

3. If the Commission should implement an alternative compliance mechanism for California's RPS program, what form should such a mechanism have? Please be specific, and include sample calculations if relevant. Please also discuss whether IOUs could or should recover any alternative compliance costs from ratepayers.

**Response:** N/A

### **3.8. RPS Citation Program**

1. Is the citation program established by Res. E-4257 an appropriate basis for a new citation program? Why or why not?

**Response:** Yes. The citation program adopted in Resolution E-4257 can apply equally to the amended RPS program.

2. If it is not appropriate to carry forward the program in Res. E-4257, would one of the other citation programs established by the Commission be a more appropriate basis? Why? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** N/A

3. Which infractions should be subject to fines pursuant to an RPS citation program (e.g. accuracy of RPS compliance reports, failure to timely provide required documentation in RPS compliance report, failure to timely file RPS compliance report, failure to timely file RPS procurement plan, etc.)? Please list and explain the reasons for including each type of infraction in a revised RPS citation program.

**Response:** The "infractions" identified in Resolution E-4257 are appropriate for the citation program under the amended RPS program as well.

4. What monetary amount would be an appropriate fine for the infractions proposed in response to question 3?

**Response:** The fines provided in Resolution E-4257 are reasonable and can apply under the amended RPS program.

5. Should the fines vary by type of infraction? Please explain the specific variations, if any, that should be included. Please provide rationales that address both legal and practical implementation perspectives.

**Response:** The scheduled fines under Resolution E-4257 are reasonable for implementation under the amended RPS program.

6. Should fines vary based on the number of occurrences? Explain why or why not.

**Response:** See responses to Nos. 4 and 5 above.

7. Are there any additional elements that should be included in a revised RPS citation program? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** No.

### **3.9. Compliance Reporting**

#### **3.9.1. Compliance Spreadsheet Adjustments**

1. Should any necessary changes to the compliance spreadsheet be implemented by the process used in making previous changes, in which Energy Division staff consults with the parties and revises the spreadsheet?

**Response:** The contents of the spreadsheets in the annual RPS compliance reports, including the data sources and computations provided by each LSE, should be addressed through a stakeholder process that is guided by the Energy Division. The stakeholder process will allow representatives of IOUs, ESPs and CCAs to work directly with the Energy Division to discuss and resolve issues to ensure that RPS compliance reports and accompanying spreadsheets are clear, concise and non-duplicative.

For example, a working group meeting was hosted by the Energy Division on September 19, 2013 to discuss the information reporting requirements and format for LSEs' annual compliance reports. During the meeting, the Energy Division raised the issue of whether LSEs should be required to provide an "auditable package" of RPS procurement compliance information, including copies of LSEs' RPS procurement contracts. The answer is "no." There is no legitimate reason to require an LSE to provide copies of RPS procurement contracts in its RPS compliance reports. In accordance with D.12-06-038 (Ordering Paragraph Nos. 41, 42) at p. 104 (June 21, 2012), the Energy Division may request that LSEs provide copies of RPS contracts if needed for verification of the procurement information provided by an LSE in the compliance report. The compliance report itself, however, should be limited to providing the narrative and numerical information that is



necessary to establish that an LSE has retired sufficient eligible REC to meet its RPS procurement obligation during the compliance period.

In this connection, ESPs previously have made redacted copies of their RPS contracts available to the Energy Division through a secure electronic “dataroom.” This process provides the Energy Division with complete access to appropriately redacted versions of ESPs’ RPS contracts without creating the possibility of inadvertent public disclosure of confidential, proprietary and commercially sensitive information. Disclosure of ESPs’ RPS procurement contracts exclusively to the Energy Division through the electronic dataroom protocol, upon request, should be continued as a means to verify the information provided by an ESP in its annual RPS compliance report. An ESP should not, however, be required to submit copies of its RPS procurement contracts along with its annual compliance report.

In addition, the Energy Division should continue to work with all LSEs to eliminate the duplication of information that must be provided in reports to this Commission, the CEC, and WREGIS. It is burdensome and unnecessary to require LSEs to input the same information (in either the same or a different format) in RPS reports submitted to this Commission, and RPS reports submitted to the CEC. Duplication of information reporting increases the potential for errors, requires additional work by LSEs, and requires additional review by the Energy Division. The Energy Division should coordinate with the CEC Staff and WREGIS to develop a single, common data requirement that is provided once by LSEs and shared among the agencies. The annual RPS compliance reports submitted to the Energy Division should be limited to information that has not been provided to the CEC and WREGIS.

Moreover, the Energy Division should remove, from the annual compliance report, the requirement to enumerate all of an LSE’s “procurement.” An LSE already files an annual RPS procurement plan that requires disclosure of the LSE’s procurement. It is likely that not all of an

LSE's procurement will be used for RPS compliance, however. An LSE may resell some of the RPS supplies, or hold the supplies for use in a future compliance period. Particularly in view of the data cells included in an LSE's annual RPS procurement plan, an LSE should be required to include, in its annual RPS compliance report, only the eligible RECs it has retired for its own RPS compliance.

Finally, as noted above, the annual RPS compliance reports that are submitted by LSEs in the intervening years leading up to the last year of a compliance period should be used by the Energy Division to provide guidance to LSEs. These interim RPS reports provide an opportunity for the Energy Division to offer feedback on the PCC classification of RPS resources identified and relied upon by an LSE for RPS compliance. In order to provide greater certainty to LSEs with respect to whether they will be able to meet their RPS compliance obligation, the Energy Division should confirm whether the RPS resources relied upon by an LSE for RPS compliance are eligible within the PCC that the LSE has identified. If the Energy Division fails to provide guidance during the intervening years, an LSE should not be penalized if an RPS resource identified in its compliance report submitted for the final year of the compliance period is found to be not eligible within the LSE's designated PCC classification.

2. If a different process should be used to implement any new requirements the Commission might set, please describe the preferred process.

**Response:** See response to No. 1 above.

### **3.9.2. Narrative Report Elements**

1. Should the Commission require retail sellers to use a uniform format for the narrative reporting elements? If so, what should such a format include?

**Response:** No. A uniform format is not appropriate. Each LSE's narrative responses should be based on the unique circumstances of that LSE.

2. How should such a format be developed (e.g., workshop, comments, informal working group with staff and parties, etc.)?

**Response:** N/A

3. Should failure to provide adequate information in the narrative elements be subject to the revised RPS citation program? Why or why not? Please provide rationales that address both legal and practical implementation perspectives.

**Response:** No. If the Energy Division believes that additional narrative information would be useful in ascertaining whether an LSE has met its RPS procurement obligation, the Energy Division should contact the LSE with a specific request.

## II.

### CONCLUSION

Shell Energy reserves the right to submit reply comments addressing all issues raised in other parties' opening comments.

Respectfully submitted,



---

John W. Leslie  
McKenna Long & Aldridge LLP  
600 West Broadway, Suite 2600  
San Diego, California 92101  
Tel: (619) 699-2536  
Fax: (619) 232-8311  
E-Mail: [jleslie@mckennalong.com](mailto:jleslie@mckennalong.com)

Attorneys for Shell Energy North America (US), L.P.

Date: October 25, 2013

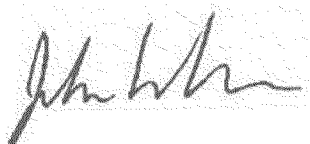
**VERIFICATION**

I, John W. Leslie, declare:

I am the attorney of record for Shell Energy North America (US), L.P. in the referenced proceeding. I am authorized to make this verification on behalf of Shell Energy. The contents of the foregoing document are true of my own knowledge, except as to matters that are 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 October 25, 2013 at San Diego, California.



---

John W. Leslie  
Attorney for  
Shell Energy North America (US), L.P.

USW803997129.2