



ORA

Office of Ratepayer Advocates
California Public Utilities Commission

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(PUBLIC VERSION)

CPUC, Energy Division
Attention: Tariff Files, Room 4005
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Subject: Joint Protest of the Office of Ratepayer Advocates of Pacific Gas & Electric Company's Advice Letters 4299-E, 4300-E, and 4301-E (Renewable Energy Credit Purchase and Sales Agreements with Sterling Planet, LLC; Iberdrola Renewables, LLC; and NextEra Energy Power Marketing, LLC)

INTRODUCTION

The Office of Ratepayer Advocates (ORA) hereby protests Pacific Gas & Electric Company's (PG&E) Advice Letters (ALs) 4299-E, 4300-E, and 4301-E. In these ALs, PG&E seeks California Public Utilities Commission (Commission) approval of Renewable Energy Credit (REC)¹ Purchase and Sales Agreements (PSAs) with Sterling Planet, LLC; Iberdrola Renewables, LLC; and NextEra Energy Power Marketing, LLC, respectively. These PSAs are for unbundled, Category 3 RECs. ORA protests and recommends that the Commission reject ALs 4299-E, 4300-E, and 4301-E for the following reasons:

- PG&E has not adequately demonstrated need, especially considering its large existing bank² of RECs.
- Even if the Commission finds that PG&E has adequately demonstrated need, PG&E has not shown that banking RECs is the best strategy for minimizing costs and maximizing value to ratepayers.

¹ RECs can be bundled (Category 1 or 2) with energy or unbundled (Category 3). One REC is associated with 1 MWh of eligible renewable energy procurement; 1,000 RECs with 1 gigawatt-hour (GWh), and so forth.

² An Investor Owned Utility may produce more eligible renewable generation in a given compliance period than is needed to meet its Renewable Portfolio Standard (RPS) procurement obligation. Such qualifying "excess" procurement may then be "banked," or applied towards RPS procurement obligations in future compliance periods. Decision (D.) 12-06-038, issued June 27, 2013, at 14.

- Even if the Commission finds that PG&E has adequately demonstrated need and shown that banking REC's is the best strategy for optimizing its RPS portfolio, the high prices in these REC PSAs will impose an unnecessary cost burden on ratepayers.

BACKGROUND

On October 10, 2013, PG&E submitted ALs 4299-E, 4300-E, and 4301-E for the purchase of a total of 1,094,500 REC's.³ The PSAs are for 10-year terms and they set delivery on the date of Commission approval in 2014.⁴

PG&E's renewable net short (RNS) and alternative RNS calculations indicate that if PG&E's Renewables Portfolio Standard (RPS) portfolio performs as expected, then PG&E will have a significant incremental need beginning in 2020 and beyond to maintain the 33% RPS level.⁵ In addition, PG&E seeks to mitigate future risks of project failures and delays.⁶ PG&E therefore banks surplus RPS procurement and seeks to maintain the bank by procuring long-term REC's such as the ones in these three PSAs. PG&E shortlisted Sterling Planet PSA from the 2012 PG&E RPS annual solicitation and developed two PSAs - Iberdrola Renewables and NextEra Energy Power Marketing - via bilateral negotiations.⁷ The following table summarizes the three PSAs:⁸

Project Name	Advice Letter	Levelized REC Price	Quantity of REC's
Sterling Planet, LLC	AL 4299-E	xxxxxxxxxxxxxxxxxxxxxxxx	500,000
Iberdrola Renewables, LLC	AL 4300-E	xxxxxxxxxxxxxxxxxxxxxxxx	149,500
NextEra Energy Power Marketing, LLC	AL 4301-E	xxxxxxxxxxxxxxxxxxxxxxxx	445,000

PG&E states that its request for offer (RFO) team acknowledged that compared to Sterling Planet, there might be less expensive REC's on the market.⁹ Accordingly, PG&E negotiated with Sterling Plant while simultaneously approaching other major marketers of REC's to solicit

³ PG&E AL 4299-E at 5; PG&E AL 4300-E at 4; PG&E AL 4301-E at 4.
⁴ PG&E AL 4299-E at 1; PG&E AL 4300-E at 1; PG&E AL 4301-E at 1.
⁵ PG&E AL 4299-E at 5; PG&E AL 4300-E at 5; PG&E AL 4301-E at 5.
⁶ PG&E AL 4299-E at 6; PG&E AL 4300-E at 6; PG&E AL 4301-E at 6.
⁷ PG&E AL 4299-E at 2, 9; PG&E AL 4300-E at 2; PG&E AL 4301-E at 2.
⁸ PG&E AL 4299-E at D4; PG&E AL 4300-E at D7-D8; PG&E AL 4301-E at D7.
⁹ PG&E AL 4299-E at A61.

CONCLUSION

For the above reasons, DRA recommends that the Commission deny approval of ALs 4299-E, 4300-E, and 4301-E. Please contact David Siao at ds1@cpuc.ca.gov or (415) 703-5251 with any questions regarding these comments.

/s/ Chloe Lukins

Chloe Lukins,
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Service Lists in R.11-05-005 and R.12-03-014