

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

Rulemaking 11-05-005
(Filed May 5, 2011)

**JOINT COMMENTS OF BEAR VALLEY ELECTRIC SERVICE (U-913 E),
A DIVISION OF GOLDEN STATE WATER COMPANY, AND LIBERTY UTILITIES
(CALPECO ELECTRIC) LLC (U 933-E) ON STAFF PROPOSAL FOR REVISING THE
METHODOLOGY USED TO CALCULATE THE RENEWABLE NET SHORT FOR
PROCUREMENT TO MEET THE CALIFORNIA RENEWABLES PORTFOLIO
STANDARD**

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I. Introduction

Pursuant to the February 19, 2014 Administrative Law Judge’s Ruling Requesting Comments on Staff Proposal for Revising the Methodology Used to Calculate the Renewable Net Short for Procurement to Meet the California Renewables Portfolio Standard (“ALJ Ruling”), Bear Valley Electric Service (U 913 E) (“BVES”), a division of Golden State Water Company, and Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty Utilities”) (collectively, the “Small IOUs”), submit the following comments on the new proposal (“Proposal”) to calculate the Renewable Net Short (“RNS”) for procurement to meet the Renewables Portfolio Standard (“RPS”).¹ While the Small IOUs appreciate the value of the RNS calculation in RPS Procurement and Planning for most retail sellers, the Small IOUs believe that the RNS is not appropriate for their RPS Procurement and Planning and therefore BVES and Liberty Utilities should be excused from reporting an RNS calculation. Accordingly,

¹ Pursuant to Rule 1.8(d), BVES has been authorized to file these Joint Comments on behalf of Liberty Utilities.

these comments focus on the rationale supporting a Small IOU exemption from providing an RNS calculation and do not address each issue identified in the ALJ Ruling.

The Small IOUs’ position is ultimately based on Public Utilities Code Sections 399.17 and 399.18, which afford the Small IOUs the ability to meet their RPS procurement requirements “notwithstanding any procurement content limitation in Section 399.16.”² In implementing the Public Utilities Code, the California Public Utilities Commission (“Commission”) found that the Small IOUs are “not subject to the requirements and limitations [on] the use of procurement in each portfolio content category.”³ Accordingly, the Small IOUs may meet their entire RPS procurement obligations using procurement from the third portfolio content category (§ 399.16(b)(3)), including unbundled Renewable Energy Credits (“RECs”). As a result, the advantages of calculating an RNS, which the Proposal defines as the “amount of new renewable generation necessary for retail sellers to meet or exceed the procurement quantity requirements (PQR) necessary to comply with the California Renewables Portfolio Standard (RPS)”⁴, are significantly outweighed by the administrative burdens of calculating the RNS for the Small IOUs. This is particularly acute given how the RNS is unlikely to assist the Small IOUs in procurement planning and because the RNS relies upon inputs and assumptions that are inapplicable to the Small IOUs. For these reasons, more fully described below, the Commission should exempt the Small IOUs from any requirement to provide an RNS calculation.

² See Pub. Util. Code §§ 399.17(b) and 399.18(b).

³ D.11-12-052, p. 63; *see also* D.11-12-052, Ordering Paragraph 16.

⁴ See p.1 of the Proposal

II. The Commission Should Continue to Recognize the Small IOUs' Unique Characteristics and Should Exempt the Small IOUs From Any Obligation to Provide an RNS Calculation.

On July 6, 2012, BVES submitted a motion requesting that it be exempted from any obligation to provide an RNS calculation.⁵ For the reasons enumerated in BVES' motion, as well as the reasons described in these comments, the Commission should exempt the Small IOUs from any obligation to provide an RNS calculation.⁶ The Small IOUs do not reiterate all of the positions from BVES' motion in these comments, but instead incorporate BVES' motion by reference. Although the Commission has never responded directly to that motion, the Commission has historically exempted BVES and Liberty Utilities from having to provide an RNS calculation, and should continue to do so going forward.

In the April 5, 2012 Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on New Proposals ("Assigned Commissioner's Ruling"), the Commission determined that the Small IOUs need only address 4 of the 10 sections of the Assigned Commissioner's Ruling in their RPS procurement plans and that they were "not required to provide the quantitative information described by section 6.5."⁷ Then, in its August 2, 2012 Administrative Law Judge's Ruling (1) Adopting Renewable Net Short Calculation Methodology (2) Incorporating the Attached Methodology into the Record , and (3) Extending the Date for Filing Updates to 2012 Procurement Plans ("August 2nd ALJ Ruling"), the adopted RNS calculation methodology concluded that all retail sellers, except for

⁵ BVES' July 6, 2012 Motion is available at <http://docs.cpuc.ca.gov/PublishedDocs/EFIELD/MOTION/170208.PDF>.

⁶ Although Liberty Utilities did not join BVES in its motion, the motion's rationale similarly applies to Liberty Utilities and supports an exemption for Liberty Utilities from providing an RNS calculation.

⁷ Assigned Commissioner's Ruling, p. 7.

the Small IOUs, were required to submit net short calculations in their 2012 RPS Procurement Plans.⁸ Similarly, when requiring 2013 RPS Procurement Plans, the Commission determined that the Small IOUs were “not required to provide the quantitative information described by section 6.5” and did not need to provide an RNS calculation.⁹ When determining future reporting and compliance obligations under the RPS program, the Commission should continue to recognize the Small IOUs’ unique characteristics that warrant different treatment than other California retail sellers and should determine that the Small IOUs are not obligated to provide an RNS calculation.

III. The RNS Calculation Methodology is Tailored to California’s Largest IOUs and Should Not Be Applied to the Small IOUs.

Further supporting the Small IOUs’ position that the RNS is not an appropriate tool for their RPS procurement planning and reporting, the RNS calculation methodology, included in the Proposal in Attachment A, includes inputs and assumptions that do not apply to the Small IOUs. For example, the Annual Bundled Retail Sales Forecast relies on the Long-Term Procurement Plan (“LTPP”) proceedings and LTPP procurement plans, from which the Small IOUs have been exempted.¹⁰ BVES’ exemption from the LTPP proceeding is based upon, among other things, the disproportionate impact participation in the proceeding would have on its customers. Like BVES, Liberty Utilities’ predecessor, Sierra Pacific Power Company, was granted an exemption from the LTPP proceeding because “the preparation of a procurement plan

⁸ August 2nd ALJ Ruling, Attachment A, p. 3.

⁹ May 10, 2013 Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2013 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on a New Proposal, p. 8.

¹⁰ See Resolution E-4232 (exempts BVES from the filing of procurement plans). See D.04-02-044 (exempts Liberty Utilities’ predecessor, Sierra Pacific Power Company, from the filing of procurement plans in the LTPP per Section 454.5(i)).

would place an unnecessary cost” on its customers.¹¹ Providing an RNS calculation would similarly disproportionately impact the Small IOUs’ customers and should therefore be avoided.

Additionally, the “Pre-approved Generic RECs” input uses “pre-approved RPS procurement programs such as Renewable Auction Mechanism (RAM) solicitations, Renewable Feed-in-Tariff (FIT), SB 1122, and Solar Photovoltaic Programs (SPVP)”, all of which do not apply to the Small IOUs.¹² Accordingly, the Proposal’s RNS calculation methodology does not make sense when applied to the Small IOUs. Based on the Small IOUs’ ability to meet RPS procurement targets using unbundled RECs, it is simply not worth the administrative effort on the part of the Commission and the Small IOUs to refine the RNS calculation methodology so it could be applied to the Small IOUs. This is particularly true as the RNS calculation will not further the procurement and planning efforts of the Small IOUs. Therefore, the Commission should exempt the Small IOUs from any requirement to provide an RNS calculation.

¹¹ See D.04-02-044, at 5 (Findings of Fact 4).

¹² See Proposal, App. B.

