

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration of Rulemaking 11-05
California Renewables Portfolio Standard (Filed May 5, 2011)
Program.

-005

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF
COMMERCIAL ENERGY OF CALIFORNIA
(PUBLIC VERSION)**

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Dated: June 11, 2014

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In accordance with the March 26, 2014 Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2014 Renewables Portfolio Standard Procurement Plans, Commercial Energy of California, Inc. (“Commercial Energy”) hereby submits this 2014 Renewables Portfolio Standard (“RPS”) Procurement Plan for the period of 2014-2034.

1. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1)

Commercial Energy currently serves a small portion of the state’s direct access (DA) load and expects that will not increase unless and until the legislature increases the amount of load that is eligible for DA service. Commercial Energy does not expect its current portion of DA load to change significantly during the planning period covered by this RPS Procurement Plan. Commercial Energy made significant progress toward its RPS obligations for the 2011-2013 compliance period through procurements secured through a mix of bundled and REC-only transactions, and plans to employ a similar procurement strategy for future compliance periods.

Specifically, for the 2011-2013 compliance period Commercial Energy was able to contract for the majority of its Category 1 and 2 obligations, and was able to round out Category 3 procurements as final load numbers became available. Due to a combination of load increase

and limited availability of supply toward the end of 2013, Commercial Energy finished the compliance period slightly short in Category 1 and 2 procurements. Moving forward, assuming market availability, Commercial Energy plans to hedge its Category 1 and 2 positions by erring toward over procurement within the parameters of allowable category allocations in order to accommodate future load fluctuation.

Regarding long-term contracting requirements, Commercial Energy was also able to enter into a long term contract in satisfaction of its obligation for the 2011-2013 period. Despite its ultimate success, Commercial Energy's market size created a significant challenge in identifying viable options for long-term contracts. As a result, Commercial Energy continues to be concerned about its ability to identify cost-effective opportunities to satisfy the long-term contract requirement in subsequent compliance periods.

Commercial Energy plans to meet its future RPS obligations through a mix of bundled and REC-only transactions in compliance with the minimums and maximums allowed and/or required for the various categories. The exact portfolio mix will depend on pricing and availability for various products. Commercial Energy's goal is to meet most if not all of the RPS-eligible energy procurements from in-state resources and/or resources that have their first point of interconnection with a California balancing authority. Commercial Energy expects to eventually meet most if not all of its RPS compliance through capital investments in new renewable generation capacity during the planning period.

Commercial Energy aims to make cost effective procurements within the parameters of current statutory requirements, and will work to continue to do so. Commercial Energy will remain flexible in their procurement strategy in order to respond to changes in market conditions

and regulations. To minimize and control RPS costs and optimize its portfolio, Commercial has taken steps to:

- Procure the maximum amount of category 3 resources allowed pursuant to Public Utilities Code Section 399.16(c)(2)
- Procure the minimum amount of category 1 resources required pursuant to Public Utilities Code Section 399.16(c)(1); and
- Procure the balance of its RPS resource requirements from category 2 resources.
- Continue to work toward identifying available and cost-effective long-term procurement opportunities.

Commercial will continue to evaluate market pricing for each category of RPS resources and adjust its procurement strategy accordingly.

Commercial Energy is primarily focused on meeting the demands of the RPS requirements, and considers the importance of deliverability characteristics such as peaking, dispatchable, baseload, firm and as-available capacity as a secondary concern.

2. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2)

Commercial Energy has no information to report in this section, as Commercial Energy has not entered into any contracts with facilities that are not yet in commercial operation.

3. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3)

Given the simplicity of Commercial Energy's Category 1 and 2 RPS procurement strategy described above, Commercial Energy does not anticipate any compliance delays in these categories. If, however, fundamental barriers to the development of new renewable generation facilities that may be needed to meet the state's 33% RPS goal arise during the 2014-2034 planning period, any corresponding deficiency in the overall amount of RPS products could

possibly result in compliance delays for Commercial Energy. In addition, given Commercial Energy's relatively small current market activity, compliance with the long-term RPS contracting requirements presents a significant obstacle, as Commercial Energy's long-term contract requirements constitute quantities that are not readily tradable in the current market.

If and when an inability to meet the long-term contracting requirements becomes a barrier to complete compliance in any compliance period, Commercial Energy will address this concern directly with the CPUC.

4. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4)

Commercial Energy has concerns regarding the availability of long-term contracts consistent with its market needs. Commercial has no information to report regarding risks associated with facilities that are not yet in commercial operation.

5. "Minimum Margin" of Procurement - §399.13(a)(4)(D) (Section 6.6)

As discussed in Section 1 of this filing Commercial Energy will evaluate the feasibility of marginal over procurement during the current compliance period. However, because Commercial Energy only procures RECs through the market for REC-only and bundled transactions, Commercial Energy will remain subject to possible market shortages that may be caused by renewable project delays or cancellations. Should a REC seller be unable to deliver on a contract, Commercial Energy will look for alternative opportunities to cost-effectively meet its procurement obligations.

6. Important Changes to Plans Noted (Section 6.12)

As previously stated, Commercial Energy plans to meet its procurement obligations through a mix of bundled and REC-only transactions for the 2014-2016 and future compliance periods. This does differ from the strategy used for compliance during the 2011-2013 compliance

period. Other than reporting on final compliance positions for the 2011-2013 reporting period, there are not significant changes from the 2013 procurement plan to report.

7. Safety Considerations (Section 6.14)

Commercial Energy has met past procurement obligations through a mix of bundled and REC-only transactions in compliance with the minimums and maximums allowed and/or required for the various categories, and plans to do the same to meet its future RPS obligations. Commercial Energy does not own or operate any renewable facilities, nor is Commercial Energy involved in any renewable facility project development. Therefore, Commercial Energy does not have any safety concerns regarding its Procurement Plan at this time.

8. Confidentiality

On June 28, 2013 Commercial Energy filed a motion for confidential treatment of portions of its 2013 RPS Procurement Plan. Commercial Energy's 2013 Procurement Plan was approved by the Commission in D.13-11-024 (November 14, 2013) (Ordering Paragraph No. 24, page 75).

In D.08-04 -023, (Ordering Paragraph No. 8, Page 28) the Commission determined that "An 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." Commercial Energy therefore cites its 2013 RPS Procurement Plan to support its request for confidential treatment of the redacted information in the public version of the quantitative information included in Attachment A. In addition, Commercial Energy has redacted information in the grey areas designated by the Energy Division as "Confidential."

Respectfully submitted this 11th day of June, 2014 at Oakland, California.

/s/ Patrick VanBeek

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Variable	Calculation	Item	Deficit from RPS prior to Reporting Year	2011 Actuals	2012 Actuals	2013 Actuals	2011-2013	2014 Forecast	2015 Forecast	2016 Forecast	2014-2016
		Forecast Year		-	-	1	CP1	2	3	4	CP2
Annual RPS Requirement											
A		Bundled Retail Sales Forecast (LTPP)		22,691	32,991						
B		RPS Procurement Quantity Requirement (%)				20.0%	20.0%	21.7%	23.3%	25.0%	23.3%
C	A*B	Gross RPS Procurement Quantity Requirement (GWh)		-	-						
D		Voluntary Margin of Over-procurement		0.0	0.0						
E	C+D	Net RPS Procurement Need (GWh)		-	-						
RPS-Eligible Procurement											
Fa		Risk-Adjusted RECs from Online Generation		0	0	0	0	100	100	185.27	385.27
Faa		Forecast Failure Rate for Online Generation (%)		n/a	n/a	n/a	-	n/a	n/a	n/a	-
Fb		Risk-Adjusted RECs from RPS Facilities in Development		n/a	n/a	n/a	-	n/a	n/a	n/a	-
Fbb		Forecast Failure Rate for RPS Facilities in Development (%)		n/a	n/a	n/a	-	n/a	n/a	n/a	-
Fc		Pre-Approved Generic RECs		n/a	n/a	n/a	-	n/a	n/a	n/a	-
Fd		RECs Pending CPUC Approval		n/a	n/a	n/a	-	n/a	n/a	n/a	-
Fe		Executed REC Sales		1000		17800	18800				0
F	Fa + Fb + Fc + Fd - Fe	Total RPS Eligible Procurement (GWh)		1000	0	17800	18800	100	100	185	385
F0		Category 0 RECs					0				0
F1		Category 1 RECs					0			85	85
F2		Category 2 RECs					0				0
F3		Category 3 RECs					0	100	100	100	300
Gross RPS Position (Physical Net Short)											
Ga	F-E	Annual Gross RPS Position (GWh)		1,000	0						
Gb	F/A	Annual Gross RPS Position (%)		4.4%	0.0%						
Application of Bank											
Ha		Existing Banked RECs above the PQR		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hb		RECs above the PQR added to Bank		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Hc		Non-bankable RECs above the PQR				261	261				
H	Ha+Hb	Gross Balance of RECs above the PQR		0	0	0	0	0	0	0	0
Ia		Planned Application of RECs above the PQR towards RPS Compliance									
Ib		Planned Sales of RECs above the PQR									
J	H-Ia-Ib	Net Balance of RECs above the PQR									
J0		Category 0 RECs									
J1		Category 1 RECs									
J2		Category 2 RECs									
Expiring Contracts											
K		RECs from Expiring RPS Contracts		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net RPS Position (Optimized Net Short)											
La	(Ga+H+Ia)-E	Annual Net RPS Position after Bank Optimization (GWh)									
Lb	(Ga+H+Ia)/A	Annual Net RPS Position after Bank Optimization (%)									

Note: Fields in grey are protected as Confidential under CPUC Confidentiality Rules

Note: Values are shown in GWhs

2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2017-2020	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast	2032 Forecast	2033 Forecast
5	6	7	8	CP3	9	10	11	12	13	14	15	16	17	18	19	20	20
	36,072	36,072	36,072	144,288	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072	36,072
27.0%	29.0%	31.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
	10,461	11,182	11,904	47,615	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	10,461	11,182	11,904	47,615	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904	11,904
184.85	184.42	184.00	183.56	737													
n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a
				-													
185	184	184	184	737													
				-													
85	84	84	84	337													
				-													
100	100	100	100	400	100	100											
	(10,276)	(10,998)	(11,720)	(46,878)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)	(11,904)
	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

VERIFICATION

I am an officer of Commercial Energy of California and am authorized to make this verification of its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct, and that this verification is executed on this 11th day of June, 2014 at Oakland, California.

/s/ Patrick VanBeek
Patrick VanBeek
Director of Client Services
Commercial Energy of California, Inc.