

**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)

**PUBLIC VERSION**

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF  
LIBERTY POWER HOLDINGS LLC**

June 11, 2014

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Pursuant to the March 26, 2014 *Assigned Commissioner’s Ruling Identifying Issues and Schedule of Review for 2014 Renewables Portfolio Standard Procurement Plans* (“Assigned Commissioner’s Ruling”), the May 21, 2014 *Administrative Law Judge’s Ruling on Renewable Net Short* (“RNS Ruling”), and the May 29, 2014 email ruling of Administrative Law Judge DeAngelis extending the deadline for Renewables Portfolio Standard (“RPS”) Procurement Plans until June 11, 2014, Liberty Power Holdings LLC (“Liberty Power”) submits the following Renewables Portfolio Standard (“RPS”) Procurement Plan. In accordance with the Assigned Commissioner’s Ruling, Liberty Power provides the following responses to sections 6.1 through 6.4, 6.6, 6.12, and 6.14.

**I. Responses to Assigned Commissioner’s Ruling**

**A. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)  
(Section 6.1 of the Assigned Commissioner’s Ruling)**

Section 6.1 of the Assigned Commissioner’s Ruling provides:

Provide a written description assessing annual and multi-year portfolio supplies and demand in relation to the RPS requirement, the RPS program, and the RPS program’s overall goals to determine the retail seller’s optimal mix of eligible renewable resources.

The assessment should consider, at a minimum, a 20-year time frame with a detailed 10-year planning horizon that takes into account both portfolio supplies and demand. This written description must include the retail seller's need for RPS resources with specific deliverability characteristics, such as, peaking, dispatchable, baseload, firm, and as-available capacity as well as any additional factors, such as ability and / or willingness to be curtailed, operational flexibility, etc.

This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as well as how it optimizes cost, value and risk for the ratepayer. Where applicable, assessment should also identify and incorporate impacts of overall energy portfolio requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings (e.g. R-13-12-010, the long-term procurement plans proceeding), other agencies requirements, and other policies or issues that would impact RPS demand and procurement.

Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.

**Response of Liberty Power:**

Liberty Power does not own any renewable generation that would qualify under the California RPS program and is not developing any such generation. To meet its RPS procurement obligations, Liberty Power purchases renewable energy under third-party contractual agreements. These agreements range from short-term to long-term contracts and are designed to meet its RPS procurement obligations. Long-term contracts are necessary to ensure that Liberty Power satisfies the requirement to procure a minimum amount of long-term renewable contracts.

Although the Assigned Commissioner's Ruling requests forecast data for a "20-year time frame with a detailed 10-year planning horizon," Liberty Power does not typically forecast out

10 years, let alone 20 years. Liberty Power's load is fully contestable and fluctuates yearly, making it impractical and pointless to forecast out 10 or 20 years. Instead, Liberty Power uses a five year load forecast process, which includes a historical analysis of past, current and future expected load. This forecast process ultimately determines a final load forecast by considering a number of factors, including customer trends and available programs, climate, general market competitiveness, historical customer usage and load profiles, data from non interval meters as well as Settlement Quality Meter Data, and attrition rates and customer drop probabilities.

For RPS purposes, Liberty Power will follow its typical process when projecting retail sales and will purchase renewable energy on an annual basis based on projected sales, hedging against risks with other procurement options. This procurement process will also account for the various requirements of the RPS program, including portfolio content category requirements. Resource adequacy ("RA") obligations will be satisfied primarily through Liberty Power's procurement of non-renewable energy as Liberty Power will put little emphasis on what type of capacity or ancillary service characteristics are associated with its renewable procurement.

Annually, as well as at the end of each compliance period, Liberty Power will true up its purchases and re-evaluate its retail sales data to help ensure it will satisfy the requirements of the RPS program.

**B. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2 of the Assigned Commissioner's Ruling)**

Section 6.2 of the Assigned Commissioner's Ruling provides:

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract but not yet delivering generation. This written status update may rely upon the most recent filed Project Development Status Reports [footnote omitted] but it must elaborate upon these reports and should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. Providing a

copy of the Project Development Status Report will not be a sufficient response. The status updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller's net short and its procurement decisions for a 10-year planning horizon.

**Response of Liberty Power:**

Liberty Power is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction. Furthermore, as an electric service provider, Liberty Power is not subject to the same requirements as investor-owned utilities and does not submit Project Development Status Reports. Accordingly, development schedules will not impact Liberty Power's net short or its procurement decisions.

**C. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3 of the Assigned Commissioner's Ruling)**

Section 6.3 of the Assigned Commissioner's Ruling provides:

Describe in writing any potential issues that could delay RPS compliance, including, but not limited to inadequate transmission capacity, delayed substation construction, financing, permitting, and the relationship, if any, to deliveries and project development delays. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the potential compliance delays will impact the retail seller's RPS net short and its procurement decisions.

**Response of Liberty Power:**

Many of the potential issues described in Section 6.3 such as inadequate transmission capacity, permitting delays, and other circumstances do not apply to Liberty Power because Liberty Power does not own generation. Instead, Liberty Power will meet its RPS procurement requirements through the purchase of renewable energy on the open market from a third-party

generator or seller. Liberty Power will strive to establish flexible long-term contracts and agreements to ensure that Liberty Power can remain compliant under the RPS program rules. Barring a market shortage on eligible RPS products, Liberty Power does not envision a reason for a delay in complying with the RPS program.

**D. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner's Ruling)**

Section 6.4 of the Assigned Commissioner's Ruling provides:

Provide a written assessment of the risk in the RPS portfolio in relation to RPS compliance requirements. Risk assessment should describe risk factors such as those described above regarding compliance delays, as well as, but not limited to, the following: lower than expected generation, variable generation, regulatory risk, resource availability (e.g., biofuel supply, water, etc.) and impacts to eligible renewable energy resource projects currently under contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the risk assessment will impact the retail seller's net short and its procurement decisions. The written assessment must explain how quantitative analysis provided in response to section 6.5 supports this response.

**Response of Liberty Power:**

Liberty Power does not have any existing contracts with facilities in development or under construction, so many of the risks described in Section 6.4 do not apply to Liberty Power. Liberty Power typically accounts for potential events of lower than expected generation, variable generation, resource availability, and impacts to facilities by monitoring market conditions, actively participating in renewable energy markets, and accounting for such risks in negotiated contracts with renewable facilities.

**E. “Minimum Margin” of Procurement - § 399.13(a)(4)(D) (Section 6.6 of the Assigned Commissioner’s Ruling)**

Section 6.6 of the Assigned Commissioner’s Ruling provides:

[A] methodology and inputs regarding the utility’s proposed minimum margin of over-procurement metric. The methodology should be representative of and consistent with the utility’s inputs and assumptions in section 6.5. Also, the metric should be used to calculate the utility’s procurement needs pursuant to section 6.5. Additionally, use of any sensitivities or scenarios should be described. If the utility’s assumed minimum margin of over-procurement is not used to calculate a utility’s net short provided in response to section 6.5, then the utility should clearly describe the reasons and any assumptions or other additional methodologies used to calculate the utility’s proposed over-procurement. Reasons and assumptions should be supported with quantitative information to the extent possible.

**Response of Liberty Power:**

See Liberty Power’s response in Section I.A above for a description of Liberty Power’s procurement planning and management strategies. Unlike California’s investor-owned utilities, electric service providers (“ESPs”) like Liberty Power are not subject to the statutory minimum margin of procurement set forth in Public Utilities Code Section 399.13(a)(4)(D). Accordingly, Liberty Power will continue to optimize its procurement by purchasing renewable energy on an annual basis at the lowest possible cost, while also considering current and projected sales, risks, and the various nuances of the RPS program, including restrictions on banking of certain procurement and portfolio content category requirements. To meet these objectives, Liberty Power will strive to establish flexible renewable contracts and agreements to maximize the value of procurement.

**F. Important Changes to RPS Procurement Plan (Section 6.12 of the Assigned Commissioner’s Ruling)**

Section 6.12 of the Assigned Commissioner’s Ruling provides:

A statement identifying and summarizing the important changes between the 2013 and 2014 RPS Procurement Plans must be included. This summary could be in a table or bullet point format, but it should not be a reprint of the two plans with strike-out and underlined inserts. In addition to identifying and summarizing the important changes, the plan should also include an explanation and justification of reasonableness for each important change from 2013 to 2014.

There are no important changes between Liberty Power's 2013 RPS Procurement Plan and this 2014 RPS Procurement Plan.

**G. Safety Considerations (Section 6.14 of the Assigned Commissioner's Ruling)**

According to Section 6.14 of the Assigned Commissioner's Ruling, "all entities filing RPS Procurement Plans must incorporate a section on safety considerations." Liberty Power contracts for the resources needed to meet its RPS procurement requirements, as described above. While Liberty Power may contract for some or all of the output from the RPS-eligible facilities, it does not physically or contractually own and/or operate any of the resources under contract. For Portfolio Content Category ("PCC") 1 and 2 products, the energy is delivered by the supplier pursuant to the rules applicable to the balancing authority. Liberty Power does not have any responsibility for the safe transmission of energy. In the case of PCC-3 procurement, there can be no safety concerns as there is no energy conveyance. The owners and/or operators of the RPS-eligible resources have the responsibility for the operation of, and all safety considerations associated with the operation of, their facilities under the applicable laws. Liberty Power has no responsibility or liability for the operation of the facility or for any other safety considerations associated with the operation of those resources used to meet its wholesale contracts requirements. Therefore, to the best of its knowledge, there are no safety considerations for Liberty Power to address in its RPS Procurement Plan.



## II. Renewable Net Short

### A. Confidentiality

Liberty Power's RNS calculation provided in Appendix A is redacted to protect confidential information in the public version of Liberty Power's RPS Procurement Plan. On June 28, 2013, Liberty Power filed the *Motion of Liberty Power Holdings LLC for Leave to File Confidential Material Under Seal* and requested confidential treatment for portions of its 2013 RPS Procurement Plan.<sup>1</sup> Liberty Power's 2013 RPS Procurement Plan was approved by the California Public Utilities Commission ("CPUC" or "Commission") in D.13-11-024.<sup>2</sup> D.08-04-023 concluded 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. Where the ESP or IOU makes a compliance filing that is not initially accompanied by a motion – e.g., where the filing is made with the Energy Division – the ESP/IOU need only refer back to the initial showing it made to Energy Division in seeking confidentiality for subsequent filings of the same information.<sup>3</sup>

In accordance with D.08-04-023, Liberty Power references its June 28, 2013 motion and RPS Procurement Plan to support its request to protect and redact confidential information in Appendix A of the public version of its RPS Procurement Plan. Additionally, Liberty Power has redacted information provided in grey fields of the RNS template in accordance with instructions from Energy Division that such fields are confidential.

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<sup>1</sup> Liberty Power's June 28, 2013 motion is available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M071/K162/71162603.PDF>.

<sup>2</sup> See D.13-11-024, p. 62 and Ordering Paragraph 27.

<sup>3</sup> D.08-04-023, Ordering Paragraph 9.

## **B. RNS Calculation**

As previously noted, Liberty Power's retail electric load is fully contestable and forecasts of retail sales and procurement are highly speculative at best. Although Liberty Power does not feel that providing any forecasts data will be beneficial based on the highly speculative nature of any information provided, Liberty Power provides the net short calculation included in Appendix A to comply with the RNS Ruling. Liberty Power notes that many of the inputs and assumptions utilized in the standardized RNS reporting template are only applicable to California's largest investor-owned utilities and do not apply to ESPs. Accordingly, Liberty Power only provides responses to those portions of the standardized template that are applicable and relevant to Liberty Power's RNS calculation.<sup>4</sup>

## **C. Liberty Responses to Questions on the RNS**

Liberty Power provides the following responses to questions posed in Appendix D of the RNS Ruling.

### **1. RPS Compliance Risk – How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

As described above, Liberty Power purchases renewable energy on an annual basis based on projected sales, hedging against risks with other procurement options. Liberty Power has not experienced any performance issues with its renewable procurement and does not anticipate any issues going forward.

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<sup>4</sup> Liberty Power does not provide information related to expiring contracts as section 6.10 of the Assigned Commissioner's Ruling provided that only investor-owned utilities were required to provide information related to expiring contracts. Additionally, the CPUC already has such information based on Liberty Power's RPS compliance reports. Finally, the RNS template failed to provide adequate instructions on how to provide information related to expiring contracts nor was the template issued early enough to allow retail sellers to fully populate the template given the lack of clear instructions.

**2. RPS Compliance Risk – Do you anticipate any future changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

As described above, Liberty Power’s retail sales loads are fully contestable.

Accordingly, while Liberty Power anticipates changes to its bundled retail sales forecast, its procurement strategy will ensure that there will be no negative impacts on its RNS.

**3. RPS Compliance Risk – Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

Liberty Power does not expect curtailments to impact its RNS. As described above, Liberty Power typically accounts for potential events of lower than expected and variable generation by monitoring market conditions, actively participating in renewable energy markets, and accounting for such risks in negotiated contracts with renewable facilities.

**4. RPS Compliance Risk – Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

No. Liberty Power is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

**5. RPS Compliance Risk – As projects in development move towards their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

No. As described in response to question 4 above, Liberty Power is not currently developing any renewable facilities and is not under contract with any renewable facilities under construction.

- 6. RECs above the PQR – What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

Based on the CPUC’s more limited scope of oversight over ESPs compared to investor-owned utilities and the fact that the CPUC does not regulate retail transactions of ESPs, for ESPs, this decision is an internal business decision that should be made solely by an ESP and is beyond the jurisdiction of the CPUC.

- 7. RECs above the PQR –What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future RPS compliance and/or to sell RECs above the PQR.**

Based on the CPUC’s limited oversight over ESPs, Liberty Power’s strategy for managing RECs above its PQR is a confidential internal business decision that is not subject to CPUC jurisdiction.

- 8. VMOP – Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

Based on the CPUC’s limited oversight over ESPs, Liberty Power’s plans for any voluntary over-procurement is a confidential internal business decision that is not subject to CPUC jurisdiction.

- 9. VMOP – Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

Based on the CPUC’s limited oversight over ESPs, Liberty Power’s plans to meet any VMOP or to apply RECs above its PQR are confidential internal business decisions that are not subject to CPUC jurisdiction.

**10. Cost-effectiveness – Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

Based on the CPUC’s limited oversight over ESPs, Liberty Power’s strategy for using banked RECs above its PQR is a confidential internal business decision that is not subject to CPUC jurisdiction.

**11. Cost-effectiveness – How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

As described above, Liberty Power plans to purchase renewable energy on an annual basis at the lowest possible cost, while also considering current and projected sales, risks, and the various nuances of the RPS program, including restrictions on banking of certain procurement and portfolio content category requirements. To meet these objectives, Liberty Power will strive to establish flexible renewable contracts and agreements to maximize the value of procurement. The current RNS is based on these factors and the fact that Liberty Power’s load is fully contestable, so Liberty Power has already optimized, and will continue to optimize, its portfolio in accordance with its internal business decisions.

### III. Conclusion

In accordance with the Assigned Commissioner's Ruling and the RNS Ruling, Liberty Power provides this RPS procurement plan and looks forward to working with the Commission on these issues and helping California meet its renewable goals.

Dated: June 11, 2014

Respectfully submitted,

/s/

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**APPENDIX A**

**LIBERTY POWER HOLDINGS LLC  
RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN  
RNS STANDARDIZED REPORTING WORKBOOK**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
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Note: Fields in grey are protected as Confidential under CPUC Confidentiality Rules

Note: Values are shown in GWhs



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2																
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Facility Name	Technology	Contract Expiration Date	MW	Expected Annual Generation (GWh)	Location	PCC Classification
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