December 9, 2005

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: RPS Proceeding: Docket Nos. 05-RPS-1078, 03-RPS-1078, and 02-RPS-1038

Following please find the written comments of PPM Energy in the above referenced proceeding.

PPM Energy is concerned that a literal reading of the Delivery Requirements in the Renewables Portfolio Standard Eligibility Guidebook could preclude verification of what will in all likelihood be the "standard" transaction between retail sellers and eligible out of state facilities. In order to efficiently utilize physical contract transmission paths outside of the California and provide a cost effective "shaped product" that many retail sellers desire, the contract between the facility and the retail seller will probably split the delivery obligation into at least two pieces: one for renewable energy delivered from the facility to a liquid trading hub or hubs outside of the CA control area (e.g., COB or Mid-C or Palo Verde) and another delivering that renewable energy along with shaping energy from that trading hub or hubs to the CAISO or other CA control area. Both of these transactions would, under current WECC practice, be "tagged" in each hour of the year. However, the second hourly tag would only reference the trading hub (e.g., COB) as the point of receipt and would have to be matched with the companion tag from the facility to the hub in order to establish the complete contract path. In most instances, the net amount of "shaping energy" over the year will trend towards zero, however, in any one hour, the shaping energy could be either positive or negative and thus the quantity on that last portion of the tag will not match the amount of energy that the facility produced in that hour or the quantity on the tag from the facility to the trading hub. In any case, only the eligible renewable generation from the identified facility could be counted towards RPS compliance. PPM Energy sees no reason why this type of transaction unreasonably complicates verification of compliance with the clear policy directive that the out-of-state renewable energy be "delivered" to CA in order to be eligible to satisfy the RPS requirement of the retail seller.

Revise (4) on p. 23 of the Renewables Portfolio Standard Eligibility Guidebook to read as follows:
(4) The facility and/or the retail seller must submit for and receive acceptance of NERC tag(s) demonstrating a path between the CAISO or other CA control area and the operator of the control area in which the facility is located. The sum of the individual hourly quantities scheduled for delivery by these NERC tags must be equal to or exceed the annual generation from the facility that is claimed by the retail seller in that year.

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