

April 16, 2013

California Energy Commission  
Docket Unit  
1516 Ninth Street, MS-4  
Sacramento, CA 95814-5512



**Re: Adoption of Regulations Establishing Enforcement Procedures  
for the Renewables Portfolio Standard for Local Publicly Owned  
Utilities (Docket No.13-RPS-01)**

Southern California Edison Company (“SCE”) respectfully offers these comments on the California Energy Commission’s (“Energy Commission”) draft regulations for local publicly owned utilities as provided in the Notice of Proposed Action of the Energy Commission’s Adoption of Regulations Establishing Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Utilities.

SCE recognizes that under Senate Bill (“SB”) 2 (1x), local publicly owned utilities (“POUs”) have discretion as to how they implement certain elements of the new 33% Renewables Portfolio Standard (“RPS”) program. Nonetheless, there are key elements of the new RPS program that should be consistent across all load-serving entities. Otherwise, there will be an unfair disparity among the State’s electricity customers, contrary to the intent of SB 2 (1x).

The phrases “consistent with” and “in the same manner as” are used in SB 2 (1x) to link how the new RPS rules for POUs and retail sellers are to relate to one another.<sup>1</sup> These provisions of SB 2 (1x) reflect the Legislature’s intent to bring all load-serving entities under one RPS program with consistent rules. Additionally, just as important as bringing all load-serving entities under one RPS program is the Legislature’s intent to ensure that all electricity customers in California share equally in the responsibility of meeting the State’s aggressive RPS goals. Accordingly, consistent with the intent of SB 2 (1x), the new 33% RPS program should be applied equally to all load-serving entities using the same rules to the extent possible. In particular, POUs and retail sellers should have the same procurement targets.

SCE is concerned that the proposed regulations for POUs, if adopted as written, will establish POU procurement targets that result in significantly less renewables

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<sup>1</sup> See Cal. Pub. Util. Code §§ 399.30(c)(3), 399.30(d)(1)-(3).

procurement than the corresponding targets for retail sellers, thereby placing a heavier burden on one set of electricity customers over another.

In particular, under SB 2 (1x), retail sellers' procurement targets for the first and second compliance periods "shall reflect reasonable progress in each of the intervening years sufficient to ensure the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, and 33 percent of retail sales by December 31, 2020."<sup>2</sup> Similar language applies to POUs under Public Utilities Code Section 399.30(c)(2), which states that the quantities of eligible renewable energy resources to be procured by POUs in the first and second compliance periods shall "reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, and 33 percent of retail sales by December 31, 2020."

Retail sellers' procurement targets follow a straight-line trajectory to 25% and 33% renewables. In contrast, the proposed regulations for POUs do not follow the same approach and instead calculate the POUs' procurement targets using a stair-step trajectory, only requiring an increase in the amount of RPS procurement in the last years of the second and third compliance periods. The stair-step trajectory will significantly reduce the procurement requirements for POUs compared to retail sellers in the first and second compliance periods. Indeed, the POUs' targets will be approximately 8% - 11% lower than the retail sellers' targets.

The following example illustrates this difference for a retail seller and a POU with the same retail sales.

#### Illustration of Discrepancy in Procurement Requirements for Retail Sellers and POUs

	Retail Seller			POU			Retail Seller				POU			
	2nd Compliance Period						3rd Compliance Period							
	2014	2015	2016	2014	2015	2016	2017	2018	2019	2020	2017	2018	2019	2020
Annual Sales (MWh)	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Progress Target	21.7%	23.3%	25%	20%	20%	25%	27%	29%	31%	33%	25%	25%	25%	33%
Progress Quantity (MWh)	21.7	23.3	25	20	20	25	27	29	31	33	25	25	25	33
Compliance Period Target (MWh)	70			65			120				108			

The POU's procurement requirement is 8% lower than the retail seller's in the second compliance period and 11% lower in the third compliance period.

The Energy Commission should look to the procurement quantity requirements for retail sellers adopted by the California Public Utilities Commission ("CPUC") and ensure that both POUs and retail sellers have the same RPS requirements.<sup>3</sup> The CPUC found that "[o]ver all, the straight-line trend provides the most sensible approach to setting quantitative targets that represent retail sellers' 'reasonable progress' for the

<sup>2</sup> See Cal. Pub. Util. Code §§ 399.15(b)(2)(B).

<sup>3</sup> See CPUC Decision 11-11-020, Decision Setting Procurement Quantity Requirements for Retail Sellers for the Renewables Portfolio Standard Program, December 1, 2011.

'intervening years' of a compliance period," and that "[e]ncouraging steady progress toward that goal is in keeping with the legislative mandate to ensure reasonable progress."<sup>4</sup> The Energy Commission should adopt the same approach for POUs.

Equal treatment for all load-serving entities with respect to procurement targets will promote and maintain the integrity of the RPS program. It will also ensure that all customers in California are treated equally with respect to assuming responsibility for the State's ambitious RPS goals. For these reasons, SCE encourages the Energy Commission to align the procurement requirements of POUs with those that retail sellers will follow using the straight-line approach adopted by the CPUC.

Very truly yours,

/s/ Manuel Alvarez

Manuel Alvarez

cc:

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<sup>4</sup> *Id.* at 14.