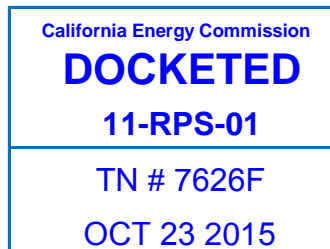


M e m o r a n d u m

To: Rob Oglesby

Date : October 1, 2015

Telephone: CALNET (XXX)
(XXX)

From : **California Energy Commission** - **Suzanne Korosec**
 1516 Ninth Street
 Sacramento CA 95814-5512
 Deputy Director, Renewable Energy Division

Subject: **MODESTO IRRIGATION DISTRICT'S REQUEST FOR EXTENSION OF RPS
 CERTIFICATION APPLICATION DEADLINE**

This memo is in regard to Modesto Irrigation District's (MID) request for an extension of the deadline to submit its application for Renewables Portfolio Standard (RPS) certification for the New Hogan Power Plant Project facility (RPS ID No. 60153A). RPS staff recommends that the Executive Director grant the request based on the documentation submitted by MID in support of its request, as described below.

Eligibility Date for the New Hogan Power Plant Project Facility

The New Hogan Power Plant Project facility was, until June 1, 2010, certified as RPS-eligible based on the application submitted by Pacific Gas and Electric Company (PG&E) on the facilities' behalf. The initial RPS eligibility date for this facility was December 17, 2004.

Early in the RPS program, an investor-owned utility was allowed to apply for RPS certification for facilities that were owned by or whose electrical generation was sold to that IOU under a contract executed before April 21, 2004. However, once the utility contract expires, is voluntarily extended, or is otherwise renegotiated, these certifications become void and the facility operator must apply for RPS certification on its own behalf. The *RPS Eligibility Guidebook, Sixth Edition* (August 2012) allows owners or agents of utility-certified facilities to submit a self-certification application, within 90 days after the contract termination or renegotiation date. If the application is not received within 90 days, the facility loses its original RPS eligibility date, meaning that any generation between the contract expiration date and the date the facility is recertified cannot be used by any California load-serving entity for RPS compliance purposes.

The contract between Calaveras County Water District and PG&E expired June 1, 2010, and the Energy Commission received a certification application for the New Hogan Power Plant Project facility on February 3, 2014, 1,343 days after the contract expiration (or 1,253 days after the 90-day deadline of August 30, 2010, to submit an amended application). Because the application was submitted after the 90-day deadline, Energy Commission staff approved the facility for RPS certification with an

eligibility date of February 3, 2014 (the date the application was received), meaning that the facilities' generation from June 1, 2010 to February 2, 2014 could not be used by California retail sellers or publicly owned utility's (POU) for RPS compliance. Energy Commission staff notified MID of the decision on November 10, 2014.

MID's Request for an Extension of a Deadline in Connection with its RPS Eligibility Date

In early 2014, RPS staff began working on developing an extension/waiver process to give the Executive Director more flexibility in addressing missed deadlines for RPS certification. RPS staff brought its proposed recommendations for a time extension process – which would allow the Energy Commission's Executive Director to extend and waive application deadlines for RPS certification based on specific criteria – to the April 22, 2014, Energy Commission Business Meeting for approval. The Energy Commission unanimously approved the extension process which was set forth in Resolution No. 14-0422-11 and took effect immediately.

Pursuant to Resolution No. 14-0422-11, the Energy Commission's Executive Director may grant an extension of time if he finds that the applicant has demonstrated good cause exists for granting an extension of time. In determining whether good cause exists, the Executive Director may consider, without limitation, whether the applicant was diligent in submitting a request for an extension of time upon learning that an application deadline was missed, whether the applicant's failure to submit a timely application for certification was caused by circumstances beyond the control of the applicant, and whether the applicant or facility owner or operator will suffer financial consequences or other hardships if an extension of time is not granted

On September 1, 2015, MID submitted a formal request for extension in accordance with the criteria in Resolution No. 14-0422-11. The request included the amount of time requested, an explanation of the circumstances why MID was unable to submit a timely and complete application for certification, an explanation of the financial consequences to MID if the extension of time is not granted, and an explanation of any other good cause that exists for granting the request for an extension of time.

In its September 1st request for an extension, MID argues that the circumstances leading to failure to submit a timely RPS certification application were beyond its control. MID states that they did not receive notice of the certification deadlines until after those deadlines had passed. According to MID, the utility contract for the New Hogan Power Plant Project facility expired on June 1, 2010, but due to an administrative lapse and changes in the *RPS Eligibility Guidebook* for POUs and uncertainties associated with those changes, MID failed to apply for certification.

MID asserts that this situation was compounded by the change in RPS requirements, which they followed closely to ensure that MID met the intent of the law in 2003 and adopted early action plans to procure additional renewable resources. Because SBX1-2 was not adopted until after the contract with PG&E expired, MID was unaware of the requirements.

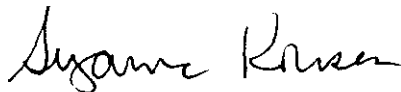
According to MID, the financial consequences if the extension of time is not granted for the New Hogan Power Plant Project facility are significant. Based on a recent contract that City of Riverside and Southern California Public Power Authority entered into, the price of solar power is \$53.75 per MWh. Based on 28,919 renewable energy credits that would not be eligible and entering into a contract at a higher price and the Federal Production Tax Credits ending in December 31, 2016, the cost to MID's ratepayers would be \$1,554,396.

Staff's Determination and Recommendation

Based on the information provided by MID to support its request for a time extension, staff believes the requirements for granting a time extension are satisfied. Therefore, staff recommends that the Executive Director grant a 1,253-day extension of the RPS certification application deadline of August 30, 2010 from February 3, 2014, the date the Energy Commission received a complete application from MID for the New Hogan Power Plant Project facility.

If MID's request for a time extension is granted by the Executive Director, staff will revise the RPS certification and corresponding RPS Certificate for the New Hogan Power Plant Project facility to reflect eligibility beginning on June 1, 2010, the date the utility certification expired.

If you have any questions, please do not hesitate to contact me.



SUZANNE KOROSEC
Deputy Director, Renewable Energy Division

cc: Christina Crume
Gabe Herrera