

Overview: California Renewables Portfolio Standard (RPS) Program

October 17, 2007





Goals of the RPS Program

The **Renewables Portfolio Standard** (RPS) Program (SB 1078, Statutes 2002) obligates all Load Serving Entities (LSE) to increase the share of electricity they procure from renewable generation resources.

IOUs, ESPs and CCAs must procure an incremental 1% of retail sales per year until 20% is reached.

- Municipal utilities are directed to develop a program that achieves the same goals, but they are not obligated to report their progress to any state agency.
- **Joint Agency Energy Action Plan** accelerated the RPS target year from 2017 to 2010. SB 107, effective January 1, 2007, requires IOUs, ESPs and CCAs to **procure 20% renewables by 2010**

RPS procurement compliance is measured in terms of electricity deliveries, **not signed contracts**



CPUC RPS Responsibilities

CPUC is responsible for:

- Determining each LSE's annual RPS procurement targets
- Approving utility procurement plans, and approving or rejecting contracts executed to procure RPS-eligible electricity
- Establishing the Market Price Referent (MPR)
- Making determinations regarding RPS compliance and potentially imposing penalties for non-compliance



RPS Procurement Process

Upon the close of the IOU's solicitation:

- IOUs identify short listed bids and begin negotiations
- CPUC calculates and releases MPR
- IOUs negotiate contracts
- Negotiated contracts are filed with the CPUC for review and approval

Contracts **at or below the MPR** are deemed reasonable and can be recovered in rates

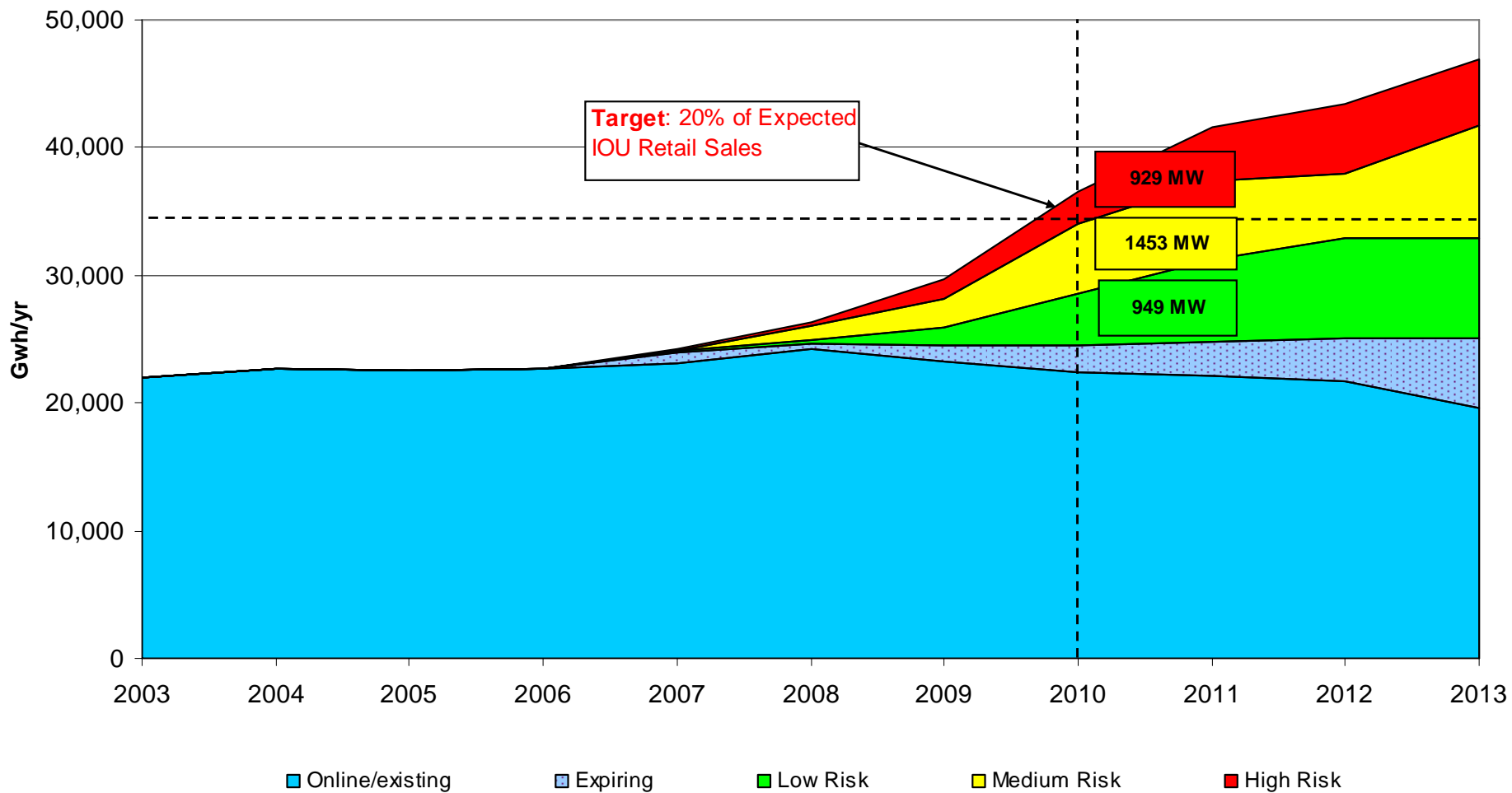
Contracts **above the MPR** are eligible for a Supplemental Energy Payment (SEPs) from the CEC to cover the above-market costs.



Status of RPS Procurement

- RPS procurement compliance is measured in terms of **electricity deliveries, not signed contracts**
- 2006 RPS estimated deliveries for the three large IOUs:
 - PG&E – 12.4 % (9,251 GWh)
 - SCE – 16.7% (12,703 GWh)
 - SDG&E – 6.3% (1,047 GWh)
 - Total IOU RPS procurement – 13.8%
- Based on approved contracts and contracts pending CPUC approval, IOUs will be close to delivering 20% renewable energy by 2010 on a delivered energy basis. However, **there is risk that contracts currently scheduled to produce by 2010 will not do so**
- When the IOUs have filed all of their outstanding contracts from the 2006 solicitation, they MAY be over 20% on a **delivered energy basis** as early as 2010.
 - 2007 solicitation will begin late 1st quarter 2007

IOU Expected RPS Generation and Risk





Transmission is Major Challenge to 20% in 2010

Significant transmission upgrades are required to deliver RPS energy

- CA's renewable-rich areas are generally located far from metropolitan areas, often in relatively remote areas of the state
- New and/or upgraded transmission is needed to make renewables a reality.
- Contracted and proposed RPS projects for 2010-2013 depend on transmission upgrades:
 - Tehachapi
 - Sunrise / Green Path
 - Stirling Solar One Transmission Project
 - Vulcan-Green Borders – Eastern CA, NV
 - Under study: other project-specific upgrades
- CPUC manages coordination among many stakeholders in transmission permitting cases: state, county, and local agencies, U.S. Park Service, U.S. Forest Service, and Bureau of Land Management



Transmission Permitting Under Way

Antelope-Pardee, Antelope-Vincent, and Antelope-Tehachapi (SCE)

- CPUC approved Antelope projects March 2007
- Online 2009 - enabling delivery of 700 MW of wind generation

Tehachapi Regional Transmission Project (SCE)

- ISO approved Plan of Service in January – necessary step
- Online dates 2011- 2013, will enable delivery of 4500 MW of wind generation
- SCE filed CPCN permit application with CPUC in late June
- CPUC decision anticipated early 2009

Sunrise Powerlink (SDG&E)

- CPUC to vote on project early 2008 with 2010 online date for project