California Public Utilities Commission

RENEWABLES PORTFOLIO STANDARD

Quarterly Report

1st Quarter 2013

I. ABOUT THE RPS AND THIS REPORT

California is aggressively bringing renewable generation online to meet its Renewables Portfolio Standard (RPS), one of the most ambitious renewable standards in the country.

California's RPS, codified in Public Utilities Code §§ 399.11 – 399.31[1], requires retail sellers (investor-owned utilities (IOUs), electric service providers (ESPs) and community choice aggregators (CCAs)) regulated by the California Public Utilities Commission (CPUC) to procure 33% of their annual retail sales from eligible renewable sources by 2020. The RPS also requires retail sellers to achieve intermediate RPS targets of 20% from 2011-2013 and of 25% from 2014-2016. The CPUC and the California Energy Commission (CEC) are jointly responsible for implementing California's 33% RPS program.

While the RPS program is the primary vehicle for new utility-scale renewable energy development in California, there are other programs that stimulate development of customer-side renewable generation. The California Solar Initiative (CSI) and Self-Generation Incentive Program (SGIP) provide incentives for customers to install renewable distributed generation technologies that directly serve their on-site load.[2] The electricity generated from power systems installed through CSI and SGIP may contribute to the RPS provided they meet RPS eligibility requirements established by the CEC.[3] In addition, electricity generated by these facilities indirectly contributes to the RPS by reducing demand when serving customer load.

The Commission issues this report on the RPS program every quarter pursuant to the 2006 Budget Act Supplemental Report Item 8660-001-0462. This report focuses on California's three large IOUs: Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). These IOUs currently provide approximately 68% of the state's electric retail sales, and analyzing this data provides significant insight into the state's RPS progress.

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[1] California's 20% RPS by 2020 was established in 2002 under Senate Bill 1078 (Sher) and modified in 2006 under Senate Bill 107 (Simitian). Senate Bill 2 of the First Extraordinary Session (SB 2 (1x)) (Simitian) (Stats. 2011, ch.1) expanded the mandate to a 33% RPS by 2020.

[2] More information on the CSI and SGIP can be found on the CPUC's website: http://www.cpuc.ca.gov/PUC/energy/DistGen/.

[3] In the case of renewable customer generation, the system-owner owns the renewable energy credits (RECs), but could sell the RECs to retail sellers to contribute to the RPS targets.

II. EXECUTIVE SUMMARY

Status of RPS Procurement

- On December 28, 2012, the large IOUs reported in their 2012 Annual RPS Compliance Reports that they served 19.6% of their retail electric load with RPS-eligible generation in 2012. PG&E served 19.04% of its 2012 retail sales with RPS-eligible renewable energy, SCE with 19.9%, and SDG&E with 20.31%. Pursuant to the procurement requirements in SB 2 (1X), the IOUs must average 20% renewable energy during the first RPS compliance period (2011-13).
- Since 2003, 5,142 MW of new renewable capacity achieved commercial operation under the RPS program. More than 644 MW of new renewable capacity came online in the first quarter of 2013 and over 2,800 MW are scheduled to come online before the end of 2013.
- In the first quarter of 2013, the IOUs filed for CPUC review 77 new contracts representing 108 MW of renewable capacity.
- In the first quarter of 2013, the CPUC approved 3 contracts representing 226 MW of renewable capacity.

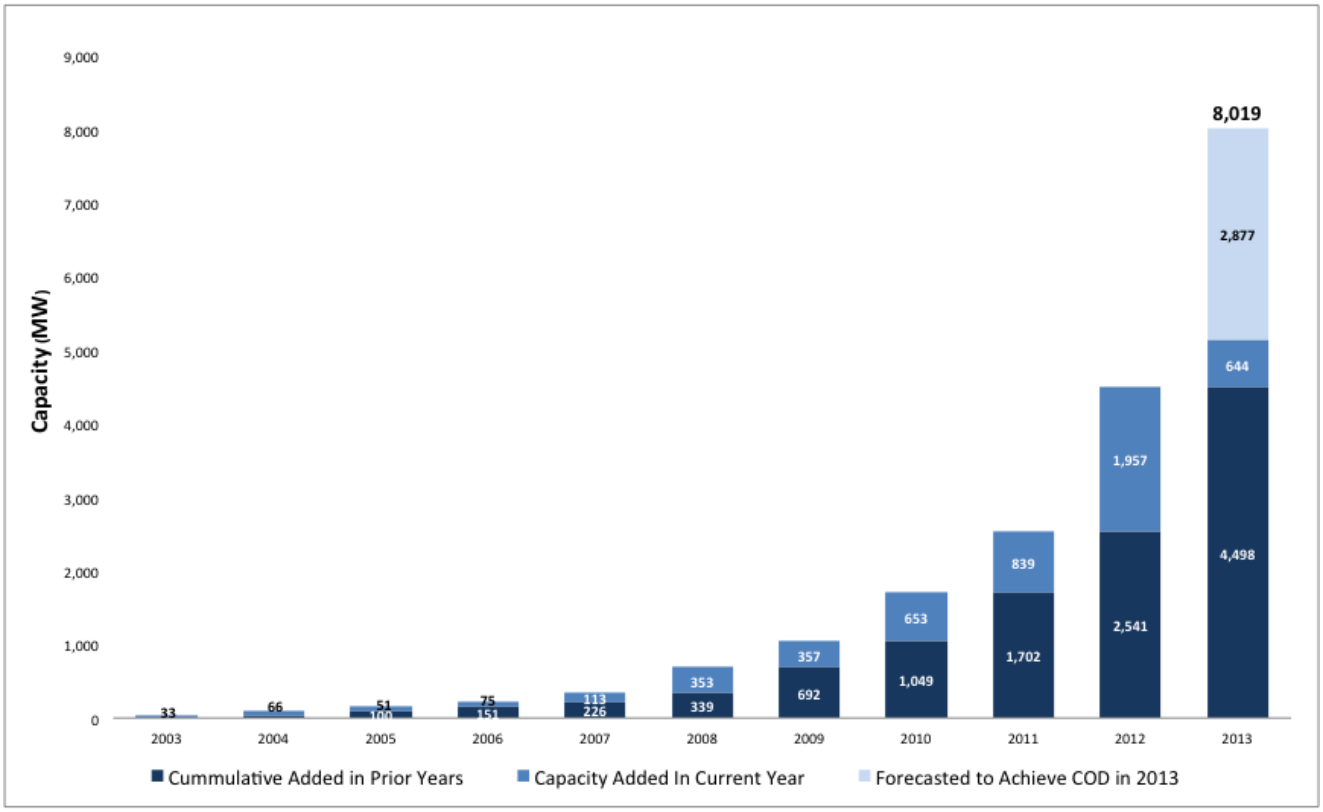
III. PROGRESS TOWARDS A 33% RPS BY 2020

New Renewable Capacity Added in 2013

Since 2003, 5,142 MW of new renewable capacity achieved commercial operation under the RPS program. More than 644 MW of new renewable capacity came online in the first quarter of 2013, and another 2,877 MW of capacity is forecasted to reach commercial operation by the end of the year. The 3,521 MW of renewable generation capacity forecasted to come online in 2013 would far exceed that which came online in 2012 – when 1,957 MW achieved commercial operation – and would represent the largest year-to-year increase in capacity since the beginning of the program.

Additional figures representing IOU progress towards meeting the 33% RPS goal and resource mix of actual and forecasted resources can be found in the Q3/Q4 2012 RPS Report to the Legislature.[4]

Figure 1. RPS Capacity Installed Since 2003, By Year[5]



[4]See "Renewables Portfolio Standard Quarterly Report: 3rd and 4th Quarter 2012": http://www.cpuc.ca.gov/NR/rdonlyres/2BC2751B-4507-4A38-98F5-F26748FE6A95/0/2012_Q3_Q4RPSReportFINAL.pdf

[5] Figure 1 only includes new capacity under contract for 10 years or more. It does not reflect capacity that was re-contracted from existing resources.

RPS Contracting Activities in 2013

Since 2002, the CPUC has approved more than 228 contracts for over 19,225 MW of renewable capacity. As Table 1 below shows, the CPUC approved 3 additional contracts in the first quarter of 2013 for 226 MW of capacity.

Table 1. IOU RPS-Eligible Contracts Submitted and/or Approved in Q1 2013

		PGE		SCE		SDGE		Total	
		Number of Contracts	MW	Number of Contracts	MW	Number of Contracts	MW	Number of Contracts	MW
Q1	Submitted	2	2	75	106	0	0	77	108
	Pending	13	504	79[6]	181	1	9	93	694
	Approved	3	226	0	0	0	0	3	226
	Rejected	0	0	0	0	0	0	0	0

[6] 75 of the 79 pending SCE contracts are Feed-in Tariff contracts that SCE executed under its CREST Program. These contracts were jointly submitted for approval to the Commission via Tier 2 Advice Letter. The 75 contracts were subsequently approved by the Commission in Resolution E-4593, which was adopted June 27, 2013.

IV. PROGRAM UPDATE

This section of the RPS Status Report provides an update on several critical program advancements that have occurred during the first quarter of 2013. These include updates on:

- Procurement Expenditure Limitation
- RPS Procurement Reform Workshop
- Wholesale Renewable Distributed Generation Technical Potential Workshop

PROCUREMENT EXPENDITURE LIMITATION

As part of the implementation of Senate Bill (SB) 2 (1X) (Simitian, 2011), the CPUC is implementing new statutory guidance to set procurement expenditure limitations for all IOUs for all RPS-eligible renewable resources used to comply with the RPS procurement requirement.[7] The CPUC's implementation of the procurement expenditure limitation includes:

- Development of a methodology for setting an RPS procurement expenditure limitation for each California IOU.
- Development of a mechanism for tracking RPS procurement expenditures against each IOU's RPS procurement expenditure limitation.

In addition, no later than January 1, 2016, the CPUC will report to the Legislature whether each IOU is expected to achieve 33% RPS by 2020, and maintain that level thereafter, within the adopted procurement expenditure limitation.[8]

On July 23rd, an Administrative Law Judge (ALJ) Ruling mailed that requests stakeholder comments on an Energy Division Staff proposal for a methodology for setting a procurement expenditure limitation.[9]

RPS PROCUREMENT REFORM WORKSHOP

In October 2012, Commissioner Ferron issued an Assigned Commissioner Ruling (ACR) that included several new proposals related to the CPUC's review of renewable procurement for the RPS program. Comments by stakeholders were received in November 2012 and reply comments were received in December 2012.

In January 2013, Energy Division staff held a workshop to discuss each of the procurement reform proposals in the ACR and to discuss party comments on the procurement reform

[7] The statutory provisions setting out the new RPS procurement expenditure limitation framework are found in Pub. Util. Code §§ 399.15(c)-(g).
[8] This Legislative report is a requirement of Pub. Util. Code § 399.15(e).
[9] See "Administrative Law Judge's Ruling Requesting Comments on Staff Proposal for a Methodology to Implement Procurement Expenditure Limitations for the Renewables Portfolio Standard Program," http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M073/K350/73350639.PDF

process. A proposed decision on renewable generation procurement reform for the RPS program is projected for early 2014.

WHOLESALE RENEWABLE DISTRIBUTED GENERATION TECHNICAL POTENTIAL WORKSHOP

In the fourth quarter of 2012, the CPUC retained engineering firm Black & Veatch, with subcontractor Energy + Environmental Economics (E3), to provide technical support for a multi-year Energy Division staff effort to evaluate the costs and benefits of wholesale renewable distributed generation (DG).

To develop an analytical framework for evaluating the costs and benefits of wholesale renewable DG, Energy Division staff intends to build upon the methodologies and assumptions deployed by E3 in a study published by the CPUC in March 2012 titled "Technical Potential for Local Distributed PV in California."[10]

In January 2013, Energy Division staff held a workshop to initiate this effort, which focused primarily on revisiting the methodologies and assumptions developed by E3 for the 2012 study, with a particular emphasis on the quantification of locational benefits of renewable DG. Parties will file responses in August 2013 to questions that were issued following the workshop that will be used to refine the methodologies and assumptions developed by E3. Energy Division staff expects that the results of this ongoing evaluation effort will be used to inform renewable procurement and long-term resource planning going forward.

[10] See "Technical Potential for Local Distributed Photovoltaics in California," March 2012: http://www.cpuc.ca.gov/NR/rdonlyres/8A822C08-A56C-4674-A5D2-099E48B41160/0/LDPVPotentialReportMarch2012.pdf

V. RECENT EVENTS

Timing	Deliverable	Notes
January 22, 2013	Workshop: RPS Procurement Reform	A stakeholder workshop was conducted to discuss proposals made by Commissioner Ferron in his Assigned Commissioner's Ruling related to streamlining the RPS procurement reform process.
January 31, 2013	Workshop: Methodology and Assumptions for Evaluating Renewable DG Technical Potential	A stakeholder workshop was conducted to provide the opportunity to vet the methodologies and assumptions developed for the "Local Distributed PV Technical Potential" study, with a particular emphasis on the quantification of the locational benefits of DG.
March 19, 2013	Proposed and Alternate Decisions to adopt Revised Feed-in-Tariff PPA issued	Pursuant to the Amended Scoping Memo, the CPUC issued a proposed and an alternate decision to adopt a joint standard Feed-in-Tariff PPA.