



<b>DOCKET</b>	
02-REN-1038 / 03-RPS-1078	
DATE	MAR 12 2007
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March 12, 2007

California Energy Commission  
**Re: Docket Nos. 03-RPS-1078 and 02-RPS-1038**  
Dockets Office, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504

Dear Commission:

Re: Southern California Edison Company's Comments on the Proposed Changes to the Renewables Portfolio Standard Guidebook

Southern California Edison Company (SCE) provides the following comments concerning the proposed changes to the Renewables Portfolio Standard Eligibility Guidebook (RPS Guidebook). As discussed below, additional revisions should be made to the draft RPS Guidebook.

The principal changes that need to be considered and addressed before the California Energy Commission (Commission) adopts the RPS Guidebook pertain to: (1) the proposed requirements for eligibility of out-of-state renewables; and (2) the RPS eligibility of conventional and conduit hydroelectric facilities.

**A. Out-of-State Renewable Resources**

SCE recognizes that the Commission has adopted SCE's proposed language in large part in its current draft of the RPS Guidebook. This approach, while workable, will ultimately be a costly option for California customers. SCE's understanding of the cost for firming renewable power, as proposed in the RPS Guidebook, will most likely make out-of-state renewable resources uncompetitive with similarly placed California renewable resources.

SCE proposes that the Commission hold a working group meeting to further discuss and explore alternatives to provide for and accommodate out-of-state renewables in order to increase the total overall supply of renewable resources available to the state of California, and thereby reducing the overall cost to customers of meeting the State's goals for its RPS goals.

**B. Eligibility of Hydroelectric Resources**

On pages 18 and 19, the RPS Guidebook states that "[t]he RPS eligibility of small hydroelectric facilities depends in part on whether the facility was operational on or after January 1, 2006, and whether energy efficiency improvements were made after January 1, 2003." The RPS Guidebook further states that "January 1, 2006: Generation from a small hydroelectric facility that commenced commercial operations on or after January 1, 2006, is eligible for the California RPS if the facility meets all of the following criteria . . . ."

An unbiased reading of this statement would imply that a hydroelectric generator that was operational on December 31, 2005, is not eligible as an RPS resource. This is inconsistent with Pub. Util. Code § 399.12(1)(A), which provides that an existing small hydroelectric generation facility of 30 megawatts or less shall be eligible if a retail seller owned or procured the electricity from the facility as of December 31, 2005. The RPS Guidebook's treatment of conduit hydroelectric facilities on page 20 and both conventional and conduit hydroelectric facilities on page 44 is similarly flawed. These eligibility requirements must be reconciled with statute.

If you have any questions regarding these comments, please call me at (916) 441-2369.

Sincerely,

Manuel Alvarez

cc: Chairperson Jackalyne Pfannenstiel  
Commissioner John L. Geesman  
Commissioner James Boyd  
Commissioner Arthur H. Rosenfeld  
Commissioner Jeffrey Byron  
Drake Johnson  
Heather Raitt