



December 14, 2007

California Energy Commission
Docket Unit, MS-4
Docket Nos. 03-RPS-1078 and 02-REN-1038
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 Eligibility Guidebook
Docket Nos. 03-RPS-1078 and 02-REN-1038

Dear Commission:

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 revised RPS Guidebook.

Date for Mandatory WREGIS Participation

As indicated in SCE's comments dated October 12, 2007, the proposed changes to the RPS Guidebook include a modification to require RPS- and SEP-certified facilities, retail sellers, and procurement entities to begin using WREGIS on January 1, 2008. SCE and other load serving entities should not be required to use WREGIS as the sole vehicle for demonstrating compliance with California's RPS program until certain implementation issues have been fully resolved.

Although WREGIS was activated in June 2007, none of the three major California utilities ("IOUs") has signed the Terms of Use Agreement ("Agreement") that is required before account holders can begin to use WREGIS to report renewable generation. Furthermore, another key user of WREGIS, the California Independent System Operator ("CAISO"), also has yet to execute the Agreement. Staff and counsel for this Commission, the IOUs, the Western Energy

Coordinating Council (“WECC”) and CAISO have been in discussions over the past several months regarding various issues with the Agreement, many of which have now been resolved. There are, however, a few major outstanding issues regarding liability, indemnification and intellectual property rights that must be resolved before the Agreement can be signed or other steps are taken.

These parties are working diligently to resolve these issues as soon as possible, but when and if these efforts will prove successful remains uncertain, as are the consequences of failing to reach mutually acceptable terms. If these issues are still being resolved and finalized, RPS-obligated entities may not be able to fully participate in WREGIS beginning on January 1, 2008. It is premature to require participation in WREGIS by the hard date of January 1, 2008, and the CEC should adopt a more flexible approach to transitioning from the current tracking system to WREGIS.

SCE prefers that the Commission revise the RPS Guidebook to provide for a one year period of parallel reporting and tracking beginning on the earlier of January 1, 2008 or when the Agreement becomes effective. Although SCE recognizes that this may result in additional administrative burden for both reporting entities and Commission staff, this approach is necessary and appropriate to ensure that, in the event WREGIS is not fully capable of serving its intended purpose, neither the reporting entity nor regulators will lack the necessary information to determine RPS compliance.

Renewables Portfolio Standard Targets

SCE recommends that references to the term incremental procurement target (“IPT”) should be eliminated from the guidebook. As the CPUC stated in D.06-10-050:

An APT-based reporting methodology measures each of the most important elements of an LSE’s renewable procurement: baseline, increasing procurement by at least 1% each year, and achieving 20% by 2010. . . . Compared to the initial proposal, an APT-based system is simpler; easier to understand and administer; reasonably incorporates necessary incentives; is consistent with the letter and spirit of the law; and, based on test data, is reasonable.

D.06-10-050, Findings of Fact 2 and 3. Continued reference to IPT-based accounting is inconsistent with CPUC decisions, confusing and unnecessary. Therefore, the following

language at page 7 (including the imbedded footnote) of the draft RPS Guidebook should be stucken:

The CPUC sets an “incremental procurement target” (IPT) for this 1 percent or greater annual increase and sets the APT for total annual RPS-eligible procurement requirements. The first year in which PG&E, SCE, and SDG&E were subject to an APT and IPT was 2004. The first year ESPs were subject to an APT was 2006 . . . CPUC Decision 06-10-050 (Rulemaking 06-05-027) determined that “any RPS-eligible procurement may be used to satisfy any portion of the APT.” Further, any RPS-eligible procurement may be used to satisfy the IPT [footnote] When a retail seller procures energy and the associated renewable and environmental attributes from a facility that is RPS certified, then the procurement may count towards the retail seller’s APT, including its IPT, assuming the transaction meets applicable delivery requirements and other eligibility criteria.

Incremental Hydroelectric Generation from Efficiency Improvements

On page 19, the draft RPS Guidebook states that incremental increase in generation that results from efficiency improvements to a hydroelectric facility is eligible for the RPS if all of five conditions are met. Condition number 2 states “The efficiency improvements are initiated on or after January 1, 2008, are not the result of routine maintenance activities, and were not included in any resource plan sponsored by the facility owner before January 1, 2008.” It is unclear why facilities “included in [a] resource plan sponsored by the facility owner before January 1, 2008” should be ineligible. It appears that the Commission seeks to exclude “planned” efficiency improvements, and allow only “unplanned” efficiency improvements. SCE recommends that this condition for eligibility should be deleted.

Hydroelectric Facilities Located in California

On page 20, the draft RPS Guidebook states:

A new or repowered small hydroelectric facility, conduit hydroelectric facility or incremental generation from eligible efficiency improvements located within California, is NOT eligible for the RPS if it results in an adverse impact on instream beneficial uses or cause a change in the volume or timing of streamflow. A facility may have an adverse impact on the instream beneficial uses if it causes an adverse change in the chemical, physical, or biological characteristics of water, including a change in the volume, rate, timing, temperature, turbidity, or dissolved oxygen content of the stream water.

If a new or repowered small hydroelectric facility, conduit hydroelectric facility, or incremental generation from eligible efficiency improvements to a hydroelectric facility,

can demonstrate that it can operate without adversely impacting the instream beneficial uses or causing a change in the volume or timing of streamflow, it may be eligible for the RPS.

The second paragraph is redundant and should be deleted.

Reports to the Energy Commission

At page 57, the draft RPS Guidebook states:

The CEC-RPS-Track form is due to the Energy Commission on May 1 (or the next business day) of each year until 2009, when WREGIS will have been operational for a full calendar year. By 2009, the CEC-RPS-Track form reporting requirement is expected to be satisfied with reports generated through WREGIS, assuming all RPS procurement data is reported to WREGIS. The CEC-RPSTrack form and instructions are provided in Appendix A.

On page 58, the draft Guidebook uses similar, but easier to understand language.

These data must be reported on the CEC-RPS-GEN form by May 1 (or the next business day) of each year until the reports from WREGIS are available in 2009 for 2008 calendar year generation.

SCE recommends modifying the language on page 57 to conform to the easier to understand language used on page 58.

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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